# ARAGEN LIFE SCIENCES LIMITED

## ANNUAL REPORT 2022-23

# ARAGEN LIFE SCIENCES LIMITED

Registered Office: Plot #28A, IDA, Nacharam, Hyderabad 500 076.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-second (22nd) Annual General Meeting of the members of Aragen Life Sciences Limited will be held on Thursday, 6th July 2023 at 09.30 a.m. at the Registered Office of the Company at Plot No.#28A, IDA, Nacharam, Hyderabad-500076 to transact the following business:

**Ordinary business:**

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the Financial Year ended March 31, 2023, together with the Reports of the Board of Directors and the Auditors thereon.

2. To declare a dividend.

3. To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification(s), the following, as an Ordinary Resolution:

   *"**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and relevant rules thereunder, M/s. B S R and Co., Chartered Accountants (Firm Registration No.128510W), Hyderabad, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of the present Annual General Meeting until the conclusion of the Annual General Meeting for the Financial Year 2027-28, on a remuneration to be fixed by the Board of Directors of the Company."*

4. To appoint a director in the place of Mr Davinder Singh Brar (DIN 00068502) who retires by rotation and being eligible offers himself for re-appointment, and in connection therewith to consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   *"**RESOLVED THAT** Mr Davinder Singh Brar, Non-executive and Non-independent Director and Chairman (DIN 00068502), who retires by rotation at this Annual General Meeting following the provisions of Section 152 of the Companies Act, 2013 and being eligible offers himself for re-appointment, be and is hereby appointed as a Director of the Company."*

**Special Business:**

5. To consider and, if thought fit to pass with or without modification(s), the following resolution as a ***Special Resolution:***

*"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 &152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, each as amended, (the "**Act**"), Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and pursuant to the provisions of the Articles of Association of the Company, the consent of the members be and is hereby accorded, to continue and designate **Mr Gerhard Mayr** (DIN: 02734832), who has been providing valuable contribution as a Board member since 21st July 2009, who possesses relevant expertise and experience and is not being disqualified under Section 164 of the Companies Act, 2013, and who provided the declaration of independence as required under the applicable law, and who in the opinion of the Board, fulfils the conditions specified in the Act for the appointment as an independent director, as a Non-Executive Independent Director on the Board with the tenure ending on 31st March 2024, at the current remuneration of US$ 60,000 per annum, (excluding the sitting fees), as may be revised by the Board from time to time, notwithstanding such remuneration together with the remuneration payable to other non-executive directors exceeds the limits specified under Section 197 of the Act or other applicable provisions or rules, and on such terms and conditions as specified in his appointment letter.*

***RESOLVED FURTHER THAT** the consent of the members be and is hereby accorded, to the continuation of Mr Gerhard Mayr as an independent director on the Board of Directors of the Company notwithstanding his attaining the age of 75 years given his continued valuable contributions to the Company as a Board member.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as may be considered necessary, desirable, or expedient to give effect to this resolution."*

6. To consider and, if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution:**

*"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 &152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, each as amended, (the "Act"), Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and pursuant to the provisions of the Articles of Association of the Company, the consent of the members be and is hereby accorded, to continue and designate **Dr Robert Richard Ruffolo** (DIN: 08404004), who has been providing valuable contribution as a Board member since 17th April 2019, who possesses relevant expertise and experience and is not being disqualified under Section 164 of the Act, and who provided the declaration of independence as required under the applicable law, and who in the opinion of the Board, fulfils the conditions specified in the Act for the appointment as an independent*

*director, as a Non-Executive Independent Director on the Board with the tenure ending on 16th April 2024, at the current remuneration of US$ 60,000 per annum (excluding the sitting fees), as may be revised by the Board from time to time, notwithstanding such remuneration together with the remuneration payable to other non-executive directors exceeds the limits specified under Section 197 of the Act or other applicable provisions or rules, and on such terms and conditions as specified in his appointment letter.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as may be considered necessary, desirable, or expedient to give effect to this resolution."*

7. To consider and, if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution:**

***"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 &152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, each as amended, (the "Act"), Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and pursuant to the provisions of the Articles of Association of the Company, the consent of the members be and is hereby accorded, to continue and designate **Ms Anita Ramachandran** (DIN: 00118188), who has been providing valuable contribution as a Board member since 07th November 2022, who possesses relevant expertise and experience and is not being disqualified under Section 164 of the Companies Act, 2013, and who provided the declaration of independence as required under the applicable law, and who in the opinion of the Board, fulfils the conditions specified in the Act for the appointment as an independent director, as a Non-Executive Independent Director on the Board with the tenure ending on 06th November 2027, at the current remuneration of ₹ 36 lakhs per annum (excluding the sitting fees), as may be revised by the Board from time to time, notwithstanding such remuneration together with the remuneration payable to other non-executive directors exceeds the limits specified under Section 197 of the Act or other applicable provisions or rules, and on such terms and conditions as specified in her appointment letter.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as may be considered necessary, desirable, or expedient to give effect to this resolution."*

8. To consider and, if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution:**

***"RESOLVED THAT** pursuant to the provisions of Sections 197 of the Companies Act, 2013 and the rules made thereunder, as amended, (the "**Act**"), and pursuant to the provisions of the Articles of Association of the Company, and as recommended by the Board of Directors, the consent of the members of the Company be and is hereby accorded for payment of remuneration of ₹40,00,000*

*(Rupees Forty Lakhs Only) per annum (excluding the sitting fees) payable quarterly, as may be revised by the Board from time to time, to **Mr Ajay Srivastava** (DIN: 00049912), the Non-Executive and Non-Independent Director of the Company, notwithstanding such remuneration together with the remuneration payable to other non-executive directors exceeds the limits specified under Section 197 of the Act or other applicable provisions or rules.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as may be considered necessary, desirable, or expedient to give effect to this resolution."*

9. To consider and, if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution:**

*"RESOLVED THAT Article 127(a) of the Articles of the Association of the Company be and is hereby substituted with the following:*

***"127 NOMINEE DIRECTORS:***

*(a) Without prejudice to the provisions of the Act and the Article, so long as any moneys remain owing by the Company to Financial Institutions regulated by the Reserve Bank of India, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non-Banking Financial Company regulated by the Reserve Bank of India, **any holder of debt security(ies), listed or otherwise (including debentures) represented by Trustees (including Debenture Trustees),** or any such company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the debentures of the Company or so long as any of the aforementioned companies, **holders of debt security(ies) or** financial institutions holds or continues to hold **debt security(ies)** / debentures / shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such institution/ corporation/ t**rustee for debt securities / debenture trustee** / company (hereinafter referred to as the "**Corporation**") **so** provides, the Corporation may, in pursuance of the provisions of any law for the time being in force or of any agreement, have a right to appoint from time to time any person or persons as a Director or Directors whole-time or non-whole-time (which Director or Director/s is/are hereinafter referred to as "**Nominee Director(s)**") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s). **Such Nominee Director(s) shall be appointed by the Board within the period as may have been specified by the provisions of any law or the agreement in relation thereto. Such Nominee Director shall not be liable to retire by rotation nor required to hold any***

*__qualification shares__. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings and of the meetings of the committee of which Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes." "*

By Order of the Board

Sd/-

Place: Hyderabad
Date: 28th June 2023

**K. Ramakrishna**
Company Secretary

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy, duly filled, stamped, and signed, must be deposited at the Company's Registered Office not less than 48 hours before the commencement of the meeting.
3. Dividend: A final dividend of Rs.2.65/- per equity share of the Company, as recommended by the Directors, if declared at the Annual General Meeting (AGM), will be paid to the members whose names are borne on the Company's Register of Members or to their mandatees on the date of AGM.
4. The documents referred to in the Notice if any, and the Statutory Registers of the Company will be available for inspection from 11.00 A.M. to 1.00 P.M. on any working day before the date of the meeting.
5. Pursuant to Section 101(1) of the Companies Act, 2013, the Company seeks to obtain consent from its members to convene the Annual General Meeting at short notice.
6. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 concerning the special business set out in the Notice is annexed.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

**Item 4: Retirement by rotation, and reappointment of Mr Davinder Singh Brar as a Director:**

Mr Davinder Singh Brar, the Promoter Chairman since 2004, retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. Given Mr Brar's continued valuable contribution to the growth of the Company, the Board of Directors recommend his reappointment as the Director by the shareholders.

Additional information for the reappointment as required under the applicable Secretarial Standards is annexed.

None of the directors of the Company except Mr Davinder Singh Brar to the extent of his appointment, the key managerial personnel of the Company and their relatives are concerned or interested in any way in the resolution.

**Item Nos. 5, 6 & 7: Designating Mr Gerhard Mayr, Dr Robert Richard Ruffolo and Ms Anita Ramachandran, the existing directors on the Board, as Independent Directors of the Company:**

Pursuant to the provisions of Section 149(1) read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors by their resolutions dated 8th February 2023 designated the existing directors viz., Mr Gerhard Mayr, Dr Robert Richard Ruffolo and Ms Anita Ramachandran as independent directors on the Board for the tenures and the remuneration as mentioned in the resolutions set out in the Notice notwithstanding such remuneration together with the remuneration payable to the other non-executive directors exceeds the limits specified under Section 197 of the Companies Act or other applicable provisions or rules, and recommend the resolutions for their appointment as set out in this Notice for approval by the shareholders. The Board recommends continuing Mr Gerhard Mayr on the Board despite his attaining the age of 75 years given his continued valuable contributions as a Board member.

The Company has received the necessary declaration from each of the proposed designates to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act. Each of the designates brings relevant expertise and vast experience that could contribute to the growth of the Company. Profiles of each of the designates are enclosed. In the opinion of the Board, each of the designates fulfils the conditions specified in the Act for the appointment as an independent director.

A format of the letter for the appointment of independent directors by the Company setting out the terms and conditions is available for inspection by the members.

Additional information for the appointment of each of the proposed designates as required under the applicable Secretarial Standards is annexed.

None of the directors of the Company except Mr Gerhard Mayr, Dr Robert Richard Ruffolo and Ms Anita Ramachandran to the extent of their appointment and remuneration, the key managerial personnel of the Company and their relatives are concerned or interested in any way in the resolutions.

**Item No. 8: Ratification of/approval to payment of remuneration to Mr Ajay Srivastava, Non-Executive Non-Independent Director of the Company:**

The Board of Directors of the Company vide its resolution dated 21st July 2022 (when the Company was a private limited company) fixed remuneration of Rs. 40 lakhs per annum to Mr Ajay Srivastava, the non-executive director, and vide its resolution dated 25th April 2023 recommended the payment of the said remuneration notwithstanding such remuneration together with the remuneration payable to the other non-executive directors exceeds the limits specified under Section 197 of the Companies Act or other applicable provisions or rules.

None of the directors of the Company except Mr Ajay Srivastava, the key managerial personnel of the Company and their relatives are concerned or interested in any way in the resolution.

**Item No. 9: Alteration of Articles of Association to include trustees of debt securities in the definition of Corporation (lenders) and provide them with the right to appoint nominee director(s) on the Board:**

Regulation 23(6) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended read with Regulation 15(1)(e) of the SEBI (Debenture Trustees) Regulations, 1993 ("Debenture Trustee Regulations") mandates the existing Issuer companies to alter their Articles of Association on or before September 30, 2023, to require their Board of Directors to appoint the person nominated by the debenture trustee(s) in terms of the Debenture Trustee Regulations as a director on its Board of Directors. The Debenture Trustee Regulations provide for the appointment of a nominee director on the Board of the Issuer company in the event of (i) two consecutive defaults in payment of interest to the debenture holders; or (ii) default in the creation of security for debentures; or (iii) default in the redemption of debentures, to be acted upon by the companies within a prescribed period.

While the Company's Articles of Association sufficiently provide for the appointment of nominee directors by any financial institution controlled by Government authorities or by any company from whom the Company has borrowed so long as any loan/guarantee liability remains outstanding in pursuance of the provisions of any law for the time being in force or of any agreement, and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s), in compliance with the SEBI Regulations in this respect, the Board of Directors recommend altering of the existing Article 127(a) of the Articles of Association of the Company to include the holders of debt securities represented by trustees (including debenture trustees) in the definition of Corporation (lenders) referred in the Article and provide them with the right to appoint nominee director(s) on the Board in terms of agreement with them.

None of the directors of the Company, the key managerial personnel of the Company and their relatives are concerned or interested in any way in the resolution.

By Order of the Board

Sd/-
**K. Ramakrishna**
Company Secretary

Place: Hyderabad
Date: 28th June 2023

**Annexure:** **Additional information in respect of each of the proposed designates/appointees as required under the applicable Secretarial Standards**

| S. No. | Particulars | Mr Davinder Singh Brar | Mr Gerhard Mayr | Dr Robert Richard Ruffolo | Ms Anita Ramachandran |
|---|---|---|---|---|---|
| 1 | **Age** | 71 years | 76 years | 73 years | 68 years |
| 2 | **Date of first appointment** | 26/07/2004 | 21/07/2009 | 17/04/2019 | 07/11/2022 |
| 3 | **Qualifications** | Master's degree in business administration from the University of Delhi, India | MBA, from the Stanford University, USA and an MSc in Chemical Engineering, from the Swiss Federal Institute of Technology, Switzerland. | PhD in Pharmacology, from the Ohio State University, USA. Honorary Doctorate in Science (DSc), West Virginia University, USA and Honorary Doctorate in Engineering (DEng), University of Catania, Italy. | Bachelor's degree in commerce and a Master's degree in Management Studies from the University of Bombay. |
| 4 | **Experience** | Has been a Director on the Board of the Company for over 19 years since July 26, 2004. For further details, please see the Profile enclosed. | Has been a Director on the Board of the Company for over 13 years since July 21, 2009. For further details, please see the Profile enclosed. | Has been a Director on the Board of the Company since April 17, 2019. For further details, please see the Profile enclosed. | For details, please see the Profile enclosed. |
| 5 | **Other directorships, memberships/chairmanship of committees of other Boards** | Please refer to the Profile for details. | Please refer to the Profile for details. | Please refer to the Profile for details. | Please refer to the Profile for details. |

| S. No. | Particulars | Mr Davinder Singh Brar | Mr Gerhard Mayr | Dr Robert Richard Ruffolo | Ms Anita Ramachandran |
|---|---|---|---|---|---|
| 6 | **Terms and conditions of appointment/reappointment along with details of remuneration sought to be paid and the remuneration last drawn by such person** | Reappointment proposed is as a Non-Executive Director. No payment of remuneration except the sitting fee for attending the Board meetings is contemplated.<br><br>The last remuneration drawn was by way of commission on profits of Rs.2.26 Crores for FY21. | Proposed to be designated as an independent director on the Board with the tenure ending on 31st March 2024, at the remuneration of US$ 60,000 per annum, (excluding the sitting fees).<br><br>The last remuneration drawn was US$ 60,000 for FY23. | Proposed to be designated as an independent director on the Board with the tenure ending on 16th April 2024, at the remuneration of US$ 60,000 per annum (excluding the sitting fees).<br><br>The last remuneration drawn was US$ 60,000 for FY23. | Proposed to be designated as an independent director on the Board with the tenure ending on 06th November 2027, at the current remuneration of ₹ 36 lakhs per annum (excluding the sitting fees).<br><br>The last remuneration drawn in FY23 was Rs. 14.42 Lakhs. |
| 7 | **Shareholding in the Company** | 24.30% of paid-up equity capital | Nil | Nil | Nil |
| 8 | **Relationship with other Directors, Manager(s), and other Key Managerial Personnel** | Nil | Nil | Nil | Nil |
| 9 | **Number of meetings of the Board attended during the year** | Six | Five | Six | Four |

**Brief Profile of Mr Davinder Singh Brar:**

Mr Davinder Singh Brar is a life sciences industry veteran, with a career spanning over four decades. Before joining Aragen as Promoter-Chairman, Mr Brar led Ranbaxy Laboratories Ltd. as CEO and Managing Director. In 2004, he embarked on an entrepreneurial journey to establish Aragen as a leading biopharmaceutical R&D and manufacturing partner in the global life sciences industry.

Mr Brar also promoted Inogent Laboratories, an early development/scale-up company (which has since merged with Aragen), Excelra Knowledge Solutions, a data structuring and analytics company, and Davix Management Services, a pharmaceutical-focused consulting/advisory services company. In addition to holding several board and advisory positions with Indian and international companies, he has been actively involved with India's premier research/educational institutions and leading industry associations.

Mr Brar holds a master's degree in business administration from the University of Delhi, India.

Other directorships: Mphasis Ltd; Maruti Suzuki India Ltd., Wockhardt Ltd., Suraj Hotels P. Ltd, Suraj Overseas P. Ltd., Madhubani Investments P. Ltd., Green Valley Land and Development P. Ltd., Davis Management Services P. Ltd., Excelra Knowledge Solutions P. Ltd., Mountain Trail Foods P. Ltd., EPL Ltd., Punjab Innovation Mission, and Konnect Agro P. Ltd.

Memberships/Chairmanship of committees of other Boards:

| S. No. | Company | AC | NRC | CSRC | SRC | RMC |
|---|---|---|---|---|---|---|
| 1 | EPL Ltd | Member | Member | Chairperson | - | - |
| 2 | Mphasis Ltd | Member | Member | Member | Chairperson | - |
| 3 | Wockhardt Ltd | Member | Chairperson | Member | Member | Member |
| 4 | Maruti Suzuki Ltd | Chairperson | Chairperson | - | Member | - |
| 5 | Excelra Knowledge Solutions P. Ltd. | - | - | Member | - | - |

Abbreviations: AC: Audit Committee; NRC: Nomination & Remuneration Committee; CSRC: Corporate Social Responsibility Committee; SRC: Stakeholders Relationship Committee; RMC: Risk Management Committee.

**Brief Profile of Mr Gerhard Mayr:**

Mr Gerhard Mayr served as Executive Vice President, Pharmaceutical Operations, at Eli Lilly and Company, responsible for global sales, marketing, and pharmaceutical operations. Previously, he was associated with Almirall S.A., UCB S.A., Lonza Group Ltd., Alcon Inc., OMV AG and Bank Austria as a director. He holds a diploma in engineering-chemist from the Swiss Federal Institute of Technology, Switzerland and an MBA from Stanford University, USA.

Mr Mayr is currently on the board of the Vienna Science, Research and Technology Foundation since 2002, and continues to be a member of the Circle of Patrons of INSEAD Business School. He is the Chairman of the Vienna University Scientific Advisory Board.

Mr Mayr was the Chairman of UCB. He has been on the Board of Project Hope, the US-Egypt President's Council, and has been on the Board and/or Chairman of Executive Committees of the Pharmaceutical Research Manufacturers of America, and the European Federation of the Pharmaceutical Industry.

Other directorships, Memberships/Chairmanship of committees of other Boards: NIL.

**Brief Profile of Dr Robert Richard Ruffolo:**

Dr Robert Richard Ruffolo is a distinguished scientist, globally recognized for his executive leadership in the pharmaceutical industry. He served as the President of R&D and Senior Vice President of Wyeth Pharmaceuticals (now, Pfizer) from 2002 to 2008. Before Wyeth, he served as Senior Vice President of R&D, at SmithKline Beecham Pharmaceuticals (now, GlaxoSmithKline) for 17 years. He has played a significant role in the discovery and development of several successful products, including Carvedilol, Ropinirole, Dobutamine and Eprosartan.

Dr Ruffolo has won several prestigious awards, including the Discoverer's Award in 2008 for his pioneering work on the discovery of Carvedilol for the treatment of congestive heart failure. He has published over 500 full-length publications, edited 15 books, and was Editor-in-Chief of four international pharmacology journals.

Dr Ruffolo holds a bachelor's degree in science in Pharmacy and a Doctor of Philosophy in Pharmacology from The Ohio State University, USA. He also received a lifetime achievement award from The Ohio State University, USA in the year 2009.

Other directorships (Body Corporates): Sapience Therapeutics, Inc., Sigilon Therapeutics, Inc., Elucida Oncology, X-Vax Technology, Inc., Aragen Bioscience, Inc., Elicio Therapeutics.

**Brief Profile of Ms Anita Ramachandran:**

Ms Anita Ramachandran heads Cerebrus Consultants and is a renowned Human Resource professional with deep knowledge and experience of over 40 years as a management consultant.

Commencing her career in the Management Consultancy division of AF Ferguson & Co at Mumbai in 1976 as the first woman consultant in the firm, Ms Ramachandran worked across a wide range of areas such as Industrial Market Research, Strategy, and Human Resources, amongst others, in various parts of the country and was finally a director of the firm. After a successful stint of 19 years with the firm, she founded Cerebrus Consultants in 1995 to focus on HR advisory services, including Organization Transformation. Cerebrus has, over the last 26 years, worked with over 800 companies in South Asia on a wide variety of HR projects covering Organization design, Organization transformation, Rewards and Leadership development. It has a large portfolio of work in Bangladesh and Sri Lanka besides India.

Ms. Ramachandran is known as an authority in Rewards Management in the country and her work in the compensation and rewards area is well recognized. Apart from being a strategic advisor to many family groups, she works with several PE firms and start-ups to mentor them through their growth journey.

Ms Ramachandran has been an Independent Director on the Boards of several companies from across sectors for the last 20 years. She is currently on the Board of several reputed companies such as Grasim, Metropolis Healthcare, Happiest Minds, Blue Star Limited, Ujjivan Small Finance Bank, and FSN E-commerce (Nykaa), amongst others. Anita supports many organizations in the social sector through pro bono professional work and remains deeply committed to working with women. She has been in the past, Chairperson of TiE Women, and on the Executive Committee of TiE Mumbai, as well as was earlier on the Advertising Standards Council of India.

Ms Ramachandran graduated from Mumbai University and holds a master's degree in management studies from the Jamnalal Bajaj Institute of Management Studies, Mumbai.

Other directorships: Cerebrus Consultants P. Ltd., Godrej & Boyce Manufacturing Company Ltd., Aditya Birla Housing Finance Ltd., FSN E-Commerce Ventures Ltd., Grasim Industries Ltd., Happiest Minds Technologies Ltd., Blue Star Ltd., Ujjivan SFB Ltd., Nykaa Foundation (Sec. 25 company), and Metropolis Healthcare Ltd.

Memberships/Chairmanship of committees of other Boards:

| S. No. | Company | AC | NRC | CSRC | SRC | RMC |
|---|---|---|---|---|---|---|
| 1 | Godrej & Boyce Manufacturing Company Ltd | Member | Chairperson | - | Member | - |
| 2 | Aditya Birla Housing Finance Ltd., | Member | Chairperson | - | - | - |
| 3 | Happiest Minds Technologies Ltd | Member | Member | Chairperson | Chairperson | Member |
| 4 | FSN E-Commerce Ventures Ltd | Member | Chairperson | Chairperson | - | - |
| 5 | Grasim Industries Ltd., | - | Chairperson | - | Chairperson | - |
| 6 | Metropolis Healthcare Ltd | - | Chairperson | Chairperson | - | - |
| 7 | Blue Star Ltd., | - | Member | Member | - | - |
| 8 | Ujjivan SFB Ltd | - | Chairperson | Member | - | - |

Abbreviations: AC: Audit Committee; NRC: Nomination & Remuneration Committee; CSRC: Corporate Social Responsibility Committee; SRC: Stakeholders Relationship Committee; RMC: Risk Management Committee.

## BOARD'S REPORT

DEAR MEMBERS,

The Board of Directors are pleased to present the 22nd Annual Report of the Company, **Aragen Life Sciences Limited ("Aragen"/"Company")**, along with the Standalone and Consolidated Audited Financial Statements for the Financial Year ended 31st March 2023.

### FINANCIAL RESULTS

The Company's performance during FY 2022-23 compared to the previous year is summarized below.

(INR Million (Mm))

| | Standalone | | Consolidated | |
|---|---|---|---|---|
| Details | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Total Income | 15,813 | 12,533 | 17,520 | 14,021 |
| EBITDA | 5,129 | 4,069 | 5,127 | 4,198 |
| Less: Depreciation | 1,410 | 1,068 | 1,673 | 1,289 |
| Less: Interest | 370 | 228 | 389 | 235 |
| Profit Before Tax | 3,349 | 2,774 | 3,066 | 2,674 |
| Less: Provision for Tax | 903 | 618 | 948 | 661 |
| Less: Deferred Tax | -73 | 46 | -81 | 38 |
| Profit After Tax (PAT) | 2,519 | 2,110 | 2,199 | 1,975 |
| Other Comprehensive Income | (241) | 10 | (167) | (6) |
| Total comprehensive income | 2278 | 2120 | 2032 | 1969 |
| Earnings Per Share (Basic)(Rs.) | 12.47 | 10.47 | 10.72 | 9.73 |
| Earnings Per Share (Diluted)(Rs.) | 12.31 | 10.35 | 10.59 | 9.62 |

Key highlights of the performance on a consolidated basis:

- Total Income of Rs 17520 Mm with a growth of 25%.
- Earnings before Interest, Depreciation and Amortization ("EBITDA") of Rs 5127 Mm with a growth of 22%.
- Profit After Tax ("PAT") of Rs 2199 Mm, an increase of 11.3% over the previous year.

### OPERATIONAL REVIEW

Aragen is one of the leading vertically integrated CROs in India (in terms of revenue and number of scientists in 2022), providing research, development and manufacturing services to global pharmaceutical and biotechnology companies. The Company has a successful track record of 20 years in serving clients with a focus on early-stage discovery and development of new molecular entities (NMEs). The Company has a diversified client base across mid to large pharmaceutical companies and innovative biotechnology platforms. The Company carries out its operations from six technologically advanced infrastructure facilities covering over ~ 1.4 Mm sq ft. in India and the US. Operations are driven by a strong workforce of 4200 employees of which nearly 3800 are scientific personnel with ~450 PhDs. The Company's scalable platform has enabled it to deliver growth, continuous innovation, and high-quality project execution, which is demonstrated through its strong financial performance over the years.

For the Financial Year 2022 - 23 the Company recorded another year of double-digit growth in Revenue, EBITDA, and PAT with growth momentum in its Discovery and Development operations. During the year, the Company provided services to 16 of the top 20 global pharma companies amongst an overall client base of 400 + customers in various areas across the Pharma R&D value chain.

At a consolidated level, the Total Income of the Company for FY 2022-23 was Rs 17520 Mm, EBITDA at Rs 5127 Mm and the PAT was Rs 2199 Million.

On a standalone basis, the Total Income of the Company during FY 2022-23 was Rs 15813 Mm with a growth of 26.17% and the PAT was Rs 2519 Mm with a growth of 19.38%.

## Discovery Services

The financial year 2022-23 marked another year of high double-digit growth in the areas of chemistry services, biology services, and integrated drug discovery projects. Client demand remained robust during the year and the Company scaled up its chemistry services across different areas including PROTAC synthesis, Peptides, Protein degraders and Lipids. A new area of microchemistry was initiated during the year. Chemistry services touched the historically highest FTE numbers. In the area of Biology services, the Company commissioned a new state-of-the-art Vivarium at its Bengaluru facility and added new research labs and capabilities in Reagent generation and Protein analytics.

Integration of Intox Pvt Ltd (Intox), a Pune-based company which was acquired in Dec 2021, was completed during the year along with an increase in Aragen's stake to 76%. Intox adds the GLP Safety assessment capability to Aragen's offerings, enabling it to offer complete IND ( Investigational New Drug ) services. While Intox successfully renewed its GLP accreditation, both the Bengaluru unit as well as the Intox vivarium received AAALAC accreditation during the year.

To support long-term capacity growth in Discovery services, the Company is in the process of adding nearly 700,000 Sq. ft. of building capacity at its Mallapur, Hyderabad, and Bengaluru facilities. This will provide sufficient space for the expansion of R&D Labs and allied facilities in the next 3-5 years to support the Company's growth and expansion plans.

## Development and Manufacturing services

Development and Manufacturing services grew at high double digits during the year led by strong growth in Custom Chemical synthesis (CCS) operations and the Process Development area. With the easing of travel restrictions, more than fifteen customers conducted site visits and audits of the Nacharam and Visakhapatnam facilities and reported satisfaction with the high-quality operations of the Company.

During the year, the Company commenced work on the expansion of its custom chemicals manufacturing capacity at Visakhapatnam by establishing a new manufacturing block with 105 KL capacity and a new R&D centre at the facility. This facility, once operational during the year 2023-24, will add late-phase capability in the CCS area. The Company also commenced the work on a new Formulations pilot plant. With this facility becoming operational during Q1 of the year 2023-24, the Company will expand its integrated offering across the life sciences R&D value chain from drug substance development services to drug formulation development and manufacturing services.

In the area of Large molecule R&D services, the Company posted losses in its wholly-owned subsidiary due to muted demand, low capacity utilisation and operational bottlenecks. The lack of scale-up manufacturing facilities to offer clinical supplies material is a constraint in Biologics operations. To offer fully integrated solutions, the Company will be investing about Rs. 2250 Mm (in Phase-1) to establish a Biologics Cell Culture development and manufacturing facility in Bengaluru. Once it is operational by the end of 2023-24, the facility will enable the Company to offer integrated solutions in Antibody Discovery and Cell Line Development from its California site along with Cell Culture manufacturing from this unit.

## Performance of subsidiaries

Aragen has three operational subsidiaries.

Aragen Bioscience Inc. is a 100% subsidiary based in California, USA and provides services in the area of Biologics R&D including anti-body research, Cell line development, Protein analytics etc along with pre-clinical efficacy testing for both small and large molecules through its AAALAC accredited facility. It offers its proprietary DG44 platform for cell line development in the Biologics areas and is also a leader in Fibrosis and Oncology models in the clinical testing area.

Intox Pvt Ltd was acquired in Dec 2021 and during 2022-23, the Company increased its holding to 76%. It offers services in the area of Safety assessment studies both for small and large molecules through its GLP and AAALAC accredited facility.

Aragen Life Sciences B. V. Netherlands is a 100% subsidiary and provides marketing services to the Company.

During the year, the Company commenced carrying out its CSR activities through Aragen Foundation, a wholly-owned subsidiary company with charitable objectives.

Following the provisions of Section 129(3) of the Companies Act, 2013 (“Act”), a statement containing the salient features of financial statements of the Company’s subsidiaries in Form No. AOC-1 is attached to this Report as Annexure 6.

## Human Resources

The total number of employees in the Company and its subsidiaries at the end of the 2022-23 fiscal year was 4,205, including 3,838 scientific employees. The Company hired 567 new employees during the year to meet its growing business requirements.

The Company has received certification as a ‘Great Place to Work’ from the GPTW organization for the fourth consecutive year. The Company was also awarded the ‘Most Preferred Workplace in Health and Wellness 2022’ award by Team Marksmen after a study by their research partners.

Aragen delivers on its Employee Value Proposition (EVP) by continuously training and developing its employees through several instructor-led training programs and online learning content on its Learning Management System. A total of 103,232 training hours were delivered during the year. In addition to flagship programs such as ‘Evolwe,’ a women's executive development program, and ‘Empower,’ a first-time manager program, the Company introduced training programs such as ‘LEAP’ for group managers and ‘Aspire’ for executive-level individual contributors. Under the umbrella of ‘PRISM,’ the employee engagement platform of Aragen, activities related to employee wellness, sports, team building, and celebrations of festivals were organized.

The Company has policies in place to prevent discrimination, sexual harassment, corruption, and bribery, ensuring ethical business practices and fair play. The Company has complied with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) including relating to the constitution of the Internal Complaints Committee. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization. There were no sexual harassment complaints made during the year.

## Employee Stock Options (“Options”)

During the year, the Company rolled out an Employee Stock Option Plan (“ESOP Scheme 2022”/”Scheme”). Under the Scheme, the Company has granted 4,09,040 Options to eligible employees which remain unvested as of the end of the year. The Key Managerial Personnel (KMP) of the Company, Mr Manmahesh Kantipudi, the Whole-time Director & CEO of the Company, and Mr Ramakrishna Kasturi, Company Secretary, were granted 88878, and 2556 Options respectively under the Scheme during the year. Under the Scheme, Dr Sudhir Kumar Singh, COO was granted 35393 Options which were forfeited due to his resignation from the Company; Mr Suresh Anubolu, CHRO was granted 24552 Options; and Mr Somesh Sharma, SVP – Chemistry was granted 20570 Options which each amounted to more than five per cent of the total Options granted during the year. A total of 53,455 Options were forfeited under the Scheme during the year due to the resignation of employees. With this, the total outstanding Options under the Scheme as of 31.03.2023 were 3,55,585.

Under the ESOP Scheme 2017, 16,51,785 Options (pre-bonus) (and 49,55,355 - post-bonus) were granted to eligible employees. The total Vested Options post-bonus as of 31st March 2023 were 18,36,735 (with 2,15,097 Options vested during the year) and 5,70,597 Options remain unvested. No Options were exercised during the year.

Under the ESOP Scheme 2007, as of 31.03.2023, the total Options vested were 11,25,000 with no Options remaining unvested. No Options were exercised during the year.

With this, the total outstanding Options as of 31.03.2023 (vested and unvested) under various ESOP schemes were 38,87,917**.**

For further details concerning the Options, the attention of the members is invited to Note No. 12(f) of the Standalone Financial Statements for the year.

The Company’s ESOP Schemes are compliant with the provisions of the Act and the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

## Environment, Health, and Safety ("EHS")

All the facilities of the Company are audited and certified to the standards; ISO 14001:2015, ISO 45001:2018 & ISO 50001:2018.

Aragen has set the Environmental goals of Zero landfill by 2025; Carbon neutrality operations (Scope 1 & 2) by 2030; Water neutrality by 2035 and Net zero emissions by 2050. Various initiatives in respect of Environment, Social and Governance ("ESG") & Sustainability were undertaken during the year. Manufacturing Unit I at Nacharam, Manufacturing Unit II at Vizag, Nacharam Labs & Mallapur Labs in Hyderabad have attained Zero landfill status for hazardous waste in February 2023. The Company has formulated a Biodiversity Policy.

During the year, the Company, and its various sites, have received the following accolades for their best-in-class EHS performance & sustainability initiatives.

- Silver medal in Ecovadis global sustainability assessment 2022.
- Full membership from GRI South Asia Charter on Sustainability Imperatives.
- Silver category award at the CII Southern EHS excellence awards-2022 for the Manufacturing Unit -I, Nacharam, Hyderabad.
- Gold award from CII SR EHS Excellence Awards 2022 for its commitment to excellence in EHS practices and sectoral topper award in the R&D sector for the Mallapur, Hyderabad facility.

Various training sessions were conducted for employees on process safety, industrial hygiene, laboratory safety, sustainability, environment management & emergency preparedness. 7.3 hours of training per employee were imparted during the year.

The Company publishes a Sustainability Report every year and the latest Report will be available on the Company's website www.aragen.com.

## DIVIDEND

The Board of Directors have, after a review of various parameters laid down in the Company's Dividend Distribution Policy and consistent with the previous track record, recommended a final dividend of Rs. 2.65ps (Rupees Two and Paise Sixty-five only) per equity share of Rs. 10/- each for the Financial Year ended March 31, 2023, being a pay-out of 25% of the consolidated PAT of the Company, subject to the approval of the equity shareholders at the ensuing 22nd Annual General Meeting of the Company ("AGM"). The Dividend involves a cash outflow of ~Rs. 540 Mm. The dividend as may be declared by the shareholders, will be paid to the shareholders borne on the register of members as on the date of the AGM being the record date for the purpose.

The Dividend Distribution Policy of the Company is displayed on the website of the Company https://www.aragen.com/our-company/investors/.

## Transfer to Reserves

The directors do not propose to carry any profits to the General Reserves.

## NON-CONVERTIBLE DEBENTURES AND LISTING

In February 2022, the Company issued 2000 (two thousand) listed, rated, secured, redeemable, nonconvertible debentures of the face value of Indian Rupees One Million each, aggregating up to Rs. 2000 Mm (Indian Rupees Two thousand million) ("NCDs") through private placement. The NCDs have a tenor of 3 years with an interest rate of 7.75% p.a., payable annually. The NCDs were rated 'AA minus /Stable' by CRISIL at the time of the Issue. The Company received an improved credit rating of "AA minus/Positive" for its NCDs in the month of April 2023. The Company promptly paid the interest on the NCDs due in February 2023 to the holders of the NCDs as on the Record Date fixed for the purpose. Please refer to Annexure 2 for further information about the NCDs.

Pursuant to the listing of the NCDs, certain SEBI Regulations apply to the Company and the Company complies with the Regulations.

## COMPOSITE SCHEME OF ARRANGEMENT

The Composite Scheme of Arrangement between the Company, GVK Davix Technologies Private Limited, the parent company ("GVK Davix"), Excelra Knowledge Solutions Private Limited, and GVK Davix Research Private Limited (Fellow Subsidiaries) and their respective shareholders, which contemplates, among others, the amalgamation of the residual GVK Davix (post demerger of its Informatics business and only with investment in the Company) into the Company with the Appointed Date 2nd April 2021 ("Scheme of Arrangement"), was approved by the National Company Law Tribunal, Hyderabad Bench on 30th May 2022, and the Company has received the final order copy on 07th June 2022. The Company filed the certified copy of the Order on 01st July 2022 concerning Part IV of the Scheme of Arrangement concerning the amalgamation of GVK Davix with the Company, and the amalgamation has become operative from that date.

## CONVERSION TO PUBLIC COMPANY

As approved by the shareholders at their Extra-ordinary General Meeting ("EGM") on 27th January 2023, the Company converted itself to a Public limited company and a revised Certificate of Incorporation was received from the Registrar of Companies, Telangana on 28th March 2023. Accordingly, the name of the Company changed to Aragen Life Sciences Limited. Consequent to the conversion, certain additional provisions of the Act became applicable to the Company and the Company complies with the provisions.

## SHARE CAPITAL AND BONUS ISSUE

Pursuant to the Scheme of Arrangement, the authorised share capital of the Company stood increased from Rs.1150 Mm to Rs.1420 Mm and the Company allotted 339,00,000 equity shares to the shareholders of GVK Davix and the existing shareholding of 339,00,000 equity shares of GVK Davix in the Company was cancelled.

As approved by the shareholders at their EGM held on 27th January 2023, Bonus shares were allotted to the shareholders in the proportion of two (2) new equity shares for every one equity share of the Company and consequent adjustments were made to the number of Options granted to employees under the Company's ESOP Schemes 2007 and 2017 and to the exercise price thereof. Pursuant to the bonus issue, 13,62,76,126 Equity shares were allotted as fully paid to the existing shareholders and 23,54,888 Options were granted as adjustments to the Options outstanding both vested and unvested. To enable the issue of the bonus equity shares the authorised share capital of the Company was increased to Rs.2500 Mm.

As of the date of this report, the paid-up equity capital of the Company stands at Rs.204,41,41,890/- (with 20,44,14,189 shares of Rs. 10/- each) and the Options outstanding and vested are 29,61,735. Details of the outstanding Options are given elsewhere in the report. 100% of the shares of the Company are in Demat form. M/s Kfin Technologies Limited, Hyderabad are the Registrars and Transfer Agents of the Company.

## CONSOLIDATION OF HOLDINGS IN INTOX PRIVATE LIMITED

Pursuant to the Share Purchase Agreement dated 10th December 2021 with the Promoters of Intox, the Company further consolidated its holding in Intox and acquired 19.18% of share capital from its Promoters in February 2023, thereby increasing the Company's total equity holding in Intox to 76%. The Promoters of Intox and the Company have entered into Option Agreements in December 2021 whereby the Company can call, and the Promoters can put purchase/sale of the balance 24% of equity held by the Promoters, after the adoption of Financial Statements by the shareholders of Intox for the Financial Year 2023-2024.

## AUDITORS

M/s. B S R & Associates LLP., Chartered Accountants (Firm Registration No. 116231W/W-100024), Auditors of the Company hold office until the conclusion of the AGM for the Financial Year 2022-23.

In compliance with Section 139(2) of the Act, it is proposed to appoint M/s. B S R and Co., Chartered Accountants (Firm Registration No.128510W) who confirmed satisfaction of independence criteria provided under Section 141 of the Act, their eligibility for appointment and that the appointment if made would comply with the provisions of the Act, as Auditors of the Company for a term of next five years from the conclusion of the ensuing AGM for the Financial Year 2022-23 till the conclusion of the AGM to be held for the Financial Year 2027-28. Accordingly, the requisite resolution forms part of the notice convening the AGM for the Financial Year 2022-23 ("Notice of AGM").

## AUDITORS' REPORT

The Auditors' report on the Standalone and the Consolidated Financial Statements of the Company for the year ended 31st March 2023 does not contain any qualifications, reservations, or adverse remarks. The Auditors have not reported any frauds being committed by officers or employees of the Company, reportable or not reportable under Section 143(12) of the Act. For the amount of remuneration paid to the Auditors during FY23, the members may please refer to the Financial Statements.

## INTERNAL AUDITORS

Protiviti India Member Private Limited are the internal auditors of the Company engaged for a term of three years till the Financial Year 2023-24. The internal audit plan was decided upfront for all three years of their engagement at the time of their appointment. The internal auditors report directly to the Audit Committee and place their observations every quarter before the Committee.

## SECRETARIAL AUDIT AND COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Auditors of the Company M/s. ABR Associates, Hyderabad have submitted their audit report for the Financial Year 2022-23 which is enclosed and forms part of this report. There are no qualifications, observations, or adverse remarks in the said audit report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and that systems are adequate and operating effectively.

## BOARD OF DIRECTORS

During the year, Mrs G Indira Krishna Reddy, Mr Sahajbir Singh Brar, Mr G V Sanjay Reddy and Mr Adam Richard Dawson, Directors, resigned from the directorship of the Company. Mr Adam Richard Dawson continues as an Observer on the Board representing the investor shareholder.

Ms Anita Ramachandran was appointed to the Board as Additional Director on 7$^{th}$ November 2022 and later appointed as Director by the shareholders at the EGM held on 2$^{nd}$ December 2022.

### Independent Directors

In compliance with the provisions of the Act applicable to a public limited company, based on the declarations received in respect of their independence under Section 149(6) of the Act and due assessment of the veracity thereof by the Company, Mr Gerhard Mayr, Dr Robert Richard Ruffolo and Ms Anita Ramachandran, the existing directors on the Board, with their experience, expertise and impeccable credentials were designated as Independent Directors and their term and remuneration were determined, subject to the approval by the shareholders at the ensuing AGM. Accordingly, the requisite resolutions form part of the Notice of AGM.

### Directors retiring by rotation

Pursuant to the provisions of the Act, Mr Davinder Singh Brar, Non-executive and Non-independent Director and Chairman (DIN 00068502) retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his reappointment as the Director and Chairman of the Board. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice of AGM.

## KEY GOVERNANCE POLICIES

The Company adopted various policies that comply with the requirements of the Act and the applicable SEBI Regulations as part of good governance such as Whistle Blower Policy, Risk Management Policy, Corporate Social Responsibility Policy, and Nomination and Remuneration Policy to name a few. Various policies and codes of conduct adopted by the Company are available on the Company's website at https://www.aragen.com/our-company/investors/.

## Nomination and Remuneration Policy

During the year, the Company devised a Nomination and Remuneration Policy that seeks to provide a broad framework for determining qualifications, competencies, positive attributes, and independence for the appointment of a director; determining criteria for remunerating the directors, KMPs, Senior management and other employees; recommending appropriate performance criteria for evaluation of the Board members and the management team; and establishing succession plans.

## Corporate Social Responsibility ("CSR") Policy

A CSR Committee of Directors constituted pursuant to Section 135 of the Act and Companies (Corporate Social Responsibility) Rules 2014, is in place. The CSR activities of the Company are primarily in the areas of education, healthcare, and environmental sustainability. An annual report on the CSR activities undertaken during FY23 is enclosed in the prescribed form as Annexure 5 to this Report.

## Risk Management Policy

The Company has developed and implemented a formal risk management policy. Risks associated with the business of the Company including those that may threaten the existence of the Company were identified and necessary steps are constantly being taken to mitigate the risks. The internal auditors conduct their audits based on a risk-based approach. During the year, the Company has constituted a Risk Management Committee of Directors and restated the existing Risk Management Policy.

## Whistle Blower Policy/ Vigil mechanism

The Company has a Whistle Blower Policy and has in place a vigil mechanism as required by Section 177(9) of the Act and the relevant rules thereunder and the Audit Committee of Directors oversees the functioning of the vigil mechanism. The Company has not received any complaints during the year under the whistle-blower mechanism. No person has been denied access to the members of the Audit Committee.

Please refer to Annexure 1 for further information regarding the Governance and the Policies of the Company.

## KEY MANAGERIAL PERSONNEL("KMP")

In compliance with the provisions of the Act applicable to a public limited company, Mr Manmahesh Kantipudi was appointed as the Whole-time Director & CEO of the Company for a term of five years from 25$^{th}$ January 2023, Mr Sachin Anand Dharap was appointed as the Chief Financial Officer and Mr Ramakrishna Kasturi were appointed as the Company Secretary and Compliance officer of the Company. None of these Key Managerial Personnel is related to the Promoters or the Promoters Group.

## OTHER DISCLOSURES

### Conservation of energy, technology absorption, and foreign exchange outgo and earnings

Particulars of conservation of energy, technology absorption, foreign exchange outgo, and earnings, required to be disclosed under the Companies (Accounts) Rules, 2014 are annexed hereto as Annexure 3 and form part of this Report.

### Particulars of employees

A statement of the top ten employees drawing remuneration over the limits prescribed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is annexed hereto as Annexure 4 and forms part of this Report.

### Internal Financial Controls

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the reviews performed by the management, the periodic testing by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors, and the periodic reviews by the audit committee, the Board is of the opinion that the Company's internal financial controls are adequate and operating effectively.

### Deposits

During the year, the Company did not accept any deposits covered under Chapter V of the Act. Pursuant to the Composite Scheme of Arrangement, the unsecured loans of GVK Davix availed from its shareholders during FY21, 22 & 23 amounting to Rs.49.82 Mm have been transferred to the Company and the Company has repaid the said loans during the year and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### Loans and guarantees

The Company has not given any loans, guarantees, or provided securities or acquired securities of any other body corporate exceeding the limits specified in Section 186(2) of the Act. For the particulars of loans given, guarantees provided and investments made during the year required to be provided under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please refer to Note Nos. 5 & 6 of the Company's financial statements,

### Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return of the Company is placed on the website at https://www.aragen.com/our-company/investors/.

## Cost Records

The Company maintains the cost records specified by the Central Government under sub-section (1) of section 148 of the Act. The cost audit does not apply to the Company as its export revenue exceeds 75% of the total revenue.

## Related Party Transactions (“RPTs”)

All the contracts, arrangements, and transactions entered into by the Company with the related parties during the year were on an arms’ length basis and in the ordinary course of business. There are no material RPTs during the year under review that conflict with the interest of the Company. The Company has not entered into any transactions with related parties requiring approval of the Board/shareholders pursuant to Section 188(1) of the Act. Accordingly, the disclosure of RPTs as required under Section 134(3)(h) of the Act in Form AOC-2 does not apply to the Company for FY 2023 and hence does not form part of this report. A list of all the related party transactions forms part of the Financial Statements.

## Others

- Number of Board meetings held during the year was Six (6).
- During the year, there have been no significant and material orders passed by the regulators or courts, or tribunals impacting the going concern status and the Company’s operations in the future.
- No material changes and commitments have occurred after the closure of the financial year till the date of this report, which may affect the financial position of the Company.
- No application was made during the year, or no proceedings are pending under the Insolvency and Bankruptcy Code, 2016.
- No one-time settlement was made with any of the Banks or Financial Institutions.
- There were no instances of non-compliance by the Company, penalties, or strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years
- Since the Company became a public limited company in the last quarter of the year, a formal evaluation of the performance of the Board, its Committees and individual directors will be undertaken on an annual basis beginning this year and reported to the shareholders as prescribed by Section 134(3)(p) of the Act read with Rule 4 of the Companies (Accounts) Rules, 2014.

## DIRECTORS’ RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Act, the Directors state that:

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

(b) Appropriate accounting policies have been selected and applied consistently with judgments and estimates made that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year 2022-23 and of the profit and loss of the Company for FY22-23;

(c) Proper and sufficient care has been taken for the 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 fraud and other irregularities;

(d) The annual accounts have been prepared on a going concern basis; and

(e) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## ACKNOWLEDGMENTS

The Board of directors expresses sincere gratitude and thanks all the customers, bankers, vendors, and various government and other agencies for their support and cooperation. The Board of Directors also places on record their appreciation of the valued services and dedicated efforts of the employees of the Company and its subsidiaries.

On behalf of the Board of Directors of
Aragen Life Sciences Limited

Sd/-
Davinder Singh Brar
Chairman
DIN: 00068502

Date: 24th May 2023

Annexure 1 to the Board's Report of Aragen Life Sciences Limited

## A BRIEF REPORT ON CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

The Board of Directors of Aragen consists of Four Non-Executive and Non-Independent Directors, three Non-Executive Independent Directors; and one Executive Director. Independent Directors include a woman director. No director holds directorships/committee memberships/chairmanships in more than the prescribed number of companies. None of the Directors on the Board has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI, the Ministry of Corporate Affairs and/or any such authority, and a certificate to this extent has been obtained by the Company from a practising company secretary. Mr Davinder Singh Brar, the Promoter director is the Chairman of the Board and is non-executive. Profiles of each of the directors on the Board are available on the Company's website https://www.aragen.com/our-company/leadership/.

The Board formulated a Board Diversity Policy, and the Nomination & Remuneration Committee of Directors was entrusted with the responsibility to ensure that the Board of Directors of the Company is constituted with a right and appropriate mix of diversity, experience and expertise required on the Board and to assess from time to time the extent to which the required skills are represented on the Board.

### Committees of the Board

The Committees of the Board viz., the Audit Committee, the Nomination & Remuneration Committee, the ESG and CSR Committee, and the Stakeholders Relationship Committee had periodic meetings as required during FY23 to discuss and recommend various matters to the Board. On becoming a public company, the Company has reconstituted the Committees of the Board, constituted a Risk Management Committee of the Board, and fixed the terms of reference of the Committees as prescribed by the Companies Act, 2013 ("Act") and the applicable SEBI Regulations. The terms of reference of each committee are placed on the website of the Company www.aragen.com.

### Code of Conduct

To ensure the Board of Directors including the Independent Directors, and the senior management of the Company act responsibly within the bounds of the authority conferred upon them and act in accordance with the highest standards of personal and professional integrity, independence, honesty, and ethical conduct in their efforts to steer the Company towards sustainability and growth and ensure & improve its credibility with the relevant stakeholders, a Code of Conduct was devised during the last quarter of the year, that sets out the values, rules, standards and principles of conduct expected from them. The Company will obtain, on an annual basis, a confirmation from the members of the Board and the senior management affirming compliance with the code of conduct.

## Directors & Officers ("D&O") Liability Insurance

The Company has obtained a Directors and Officers Liability Insurance policy with a sum assured of Rs. 750 Mm protecting all its directors including the Independent Directors and the officers of the Company and its subsidiary companies from claims against them which may arise due to professional actions in their capacity as directors/officers.

## KEY GOVERNANCE POLICIES

The Company adopted various policies that comply with the requirements of the Act and the applicable SEBI Regulations as part of good governance. Various policies and codes of conduct adopted by the Company are available on the Company's website at https://www.aragen.com/our-company/investors/. Following are some of the policies that were not highlighted in the Board's report.

### Policy concerning subsidiaries

The Board adopted a policy on subsidiaries to provide a governance framework for such subsidiaries which, *inter alia*, provide for a secretarial audit of the material subsidiaries; the appointment of one Independent Director of the Company on the Board of material subsidiaries; review by the Audit Committee of Directors of the Company of financial statements of material subsidiaries; review by the Board of minutes of the Board meetings of the unlisted subsidiaries; review by the Board of all significant transactions and arrangements entered by the unlisted subsidiaries; approval by the shareholders of the Company certain matters such as the sale of shares/assets by such subsidiary etc.

The Company does not have any material unlisted subsidiary company with income or net worth exceeding ten per cent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year as defined in the Policy on Subsidiaries of the Company. There were no changes in the subsidiaries during the year.

The Boards of the subsidiary companies are constituted of directors of the Company, external directors and Officers nominated by the Company.

The Audit Committee of the Board members reviewed the financial statements of the subsidiaries and significant transactions and investments made by the subsidiary companies for FY23. The minutes of the Board meetings of the subsidiaries are periodically placed before the Board of Directors of the Company.

### Policy on Related Party Transactions("RPTs")

The Company has historically adopted the practice of undertaking related party transactions only in the ordinary course of business and at arm's length, as part of its philosophy of adhering to the highest ethical standards. A Policy on the materiality of and dealing with RPTs was devised to have enhanced transparency and due process for approval of the RPTs. The Policy lists out the matters that could be approved by the Audit Committee of Directors, the matters that have to be approved by the Board of Directors and the matters that require approval of the shareholders; defines the materiality of transactions and provides exceptions for transactions such as at arm's length or in the ordinary course of business.

## Code of Conduct for Prevention of Insider Trading

As the Company's NCDs are listed, the Company has adopted a Code of Conduct for the Prevention of Insider Trading ("the PIT Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"). The Code applies to the promoters, members of the promoter group, all Directors, and such designated employees who are expected to have access to unpublished price-sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the PIT Regulations. The Company has also formulated a Policy for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' ("Fair Disclosure Policy") in compliance with the PIT Regulations. The Company is in compliance with the PIT Regulations.

## Policy on material events for disclosure

A Policy that defines materiality in respect of events within the Company and its subsidiaries that may need disclosure to the stock exchange(s) where the Securities of the Company are listed, was devised and is being implemented. The Policy prescribes various criteria such as qualitative criteria, quantitative criteria, nature of the transaction and the amounts involved in the transaction etc., to be considered for determining the materiality thresholds for disclosure. Disclosure of all events prescribed by the Policy and the Listing Regulations that occurred during the year was made to the Stock exchange-BSE Limited.

## Policy on the preservation of documents

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has adopted a Policy on the preservation of documents and the said Policy specifies the documents that are required to be maintained and preserved in the Company considering their importance to the organization and the stakeholders including the Government and Regulatory bodies and sets the standards for their maintenance and preservation.

## Annexure 2 to the Board's Report of Aragen Life Sciences Limited

### INFORMATION ABOUT THE NON-CONVERTIBLE DEBENTURES (NCDs) OF THE COMPANY

| | |
|---|---|
| Number of NCDs | 2,000 |
| Face value of NCD | Rs. One Million |
| Aggregate value of NCDs | Rs. 2000 Million |
| Tenor of NCDs | Three years from February 2022 |
| Interest rate for the NCDs | 7.75% per annum payable annually |
| Listing of the NCDs | Listed on the stock exchange - BSE Limited |
| Name and full contact details of the Debenture Trustees | IDBI Trusteeship Services Limited,<br>Universal Insurance Building,<br>Ground Floor, Sir P.M. Road,<br>Fort, Mumbai – 400001<br>Website: http://www.idbitrustee.com<br>Tel: (022) 40807004<br>Contact Person: Mr Subrat Udgata,<br>Sr. Vice President |
| Registrars and Transfer Agents | M/s Kfin Technologies Limited,<br>Selenium Building, Tower-B, Plot No 31 & 32,<br>Financial District, Nanakramguda,<br>Serilingampally,<br>Hyderabad, Rangareddi, Telangana,<br>India - 500 032. |

**Annexure 3 to the Board's Report of Aragen Life Sciences Limited**

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

### CONSERVATION OF ENERGY

| | |
|---|---|
| Steps taken and impact on the conservation of energy | Overall, Aragen consumed over 52.5 Mm power units for FY23. Of these, about 4.10 Mm power units were obtained from renewable sources. This helped the Company to reduce Scope 2 Greenhouse Gas (GHG) emissions by about 3359.79 kg of Carbon Dioxide equivalent for Nacharam. |
| Steps taken by the Company for utilizing alternate sources of energy | The Company purchased solar power and about 4.10 Mm units of energy consumption. |
| Capital investment in energy conservation equipment | During the year, the Company continued its program of installing premium efficiency IE-3 motors in place of the existing IE-2 motors for its Nacharam and Mallapur facilities. IE-3 motors are considered by default for all the new projects of the Company. A further number of Variable Frequency Drives (VFDs) were installed for motors above 7.5 HP at the Nacharam facility that conserved energy. Motion sensors in toilets and conference rooms were installed to optimise the power. Chilled water lines have been changed in Nacharam resulting in the effective circulation of chilled water that helped the system cut off as per actual settings and saved on power. |

### CONSUMPTION PER UNIT OF PRODUCTION

Aragen provides contract research, development and manufacturing services to its clients and manufactures various APIs and chemical compounds based on customer orders. It is therefore impractical to apportion the consumption and cost of utilities to each unit of production.

### RESEARCH AND DEVELOPMENT (R&D) AND TECHNOLOGY ABSORPTION

Internal R&D activities are focused on the development of chemical processes for the synthesis of Active Pharmaceutical Ingredients and Intermediates for sale in regulated/non-regulated markets. With the focused R&D efforts, the Company witnessed improvements in the production processes and yields with lower manufacturing costs. The Company proposes to commercialize new products which are in the development stage.

During the year, the Company spent INR 95.11Mm on recurring R&D and such expenditure as a percentage of turnover is 0.61%. The Company did not spend any amount on capital items for R&D.

No technology import has been undertaken during the year, except for the proprietary technology provided by clients for providing them with the R&D services.

## EXPORTS, FOREIGN EXCHANGE EARNINGS, AND OUTGO

The majority of the Company's earnings are in foreign exchange as most of the contract research, development and manufacturing services are provided to clients overseas.

INR Million

| **Particulars** | **2022-23** | **2021-22** |
|---|---|---|
| Earnings ^ | 14078 | 12062 |
| Outgo (including for capital items & dividends)^* | 2982 | 4034 |

^On receipt basis

^*On receipt basis, investments by the Company are not included

**Annexure 5 to the Board's Report of Aragen Life Sciences Limited**

## A REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31.03.2023

**1.** Brief outline of the CSR Policy of the Company:

The Company identified the following thrust areas for CSR activities:

i) Promoting education
ii) Providing emergency medical care and preventive health care
iii) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources, promoting renewable sources of energy, building waste management capabilities, and creating awareness about sustainability issues.

**2.** Composition of the CSR Committee

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of the CSR Committee held during the year * | Number of meetings of CSR Committee attended during the year* |
|---|---|---|---|---|
| 1. | Davinder Singh Brar | Non-independent Non-executive Chairman | 1 | 1 |
| 2. | Keshav Gunupati Venkat Reddy^ | Non-independent non-executive director | 1 | 0 |
| 3. | Gerhard Mayr | Independent Director | 1 | 1 |
| 4 | G V Sanjay Reddy& | Non-executive director | 1 | 1 |

*One resolution was passed by circulation.

^appointed as a member of the Committee on 8th February 2023.

& resigned as a director from the Company effective from 31st January 2023.

**3.** Provide the web link where the Composition of the CSR committee, CSR Policy, and CSR projects approved by the board are disclosed on the website of the Company: https://www.aragen.com/our-responsibility/corporate-social-responsibility/.

**4.** Provide the executive summary along with web link (s) of the Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable.

**5.** CSR obligation for the financial year

| | |
|---|---|
| a. Average net profit of the Company as per sub-section (5) of section 135: (FY20-FY22) | INR 199,51,90,000 |
| b. Two per cent of the average net profit of the Company as per sub-section (5) of section 135 | INR 3,99,03,800 |
| c. Surplus arising out of the CSR Projects or programmes or activities of the previous financial years | NIL |
| d. Amount required to be set off for the financial year, if any | NIL |
| e. Total CSR obligation for the financial year [(b)+(c)-(d)] | INR 3,99,03,800 |

**6.** Information on the Amount spent on CSR Projects during the year

| | |
|---|---|
| a. Amount spent on CSR Projects (both Ongoing Projects and other than the Ongoing Projects) | INR 2,29,18,725 |
| b. Amount spent on Administrative Overheads | NIL |
| c. Amount spent on Impact Assessment, if applicable | NIL |
| d. Total amount spent for the Financial Year [(a)+(b)+(c)] | INR 2,29,18,725 |
| e. CSR amount spent or unspent for the Financial Year | |
| (i) Total Amount Spent for the Financial Year | INR 2,29,18,725 |
| (ii) Total Amount Unspent | INR 1,69,85,075 |
| (iii) A) Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135<br>B) Date of transfer | A) INR 1,69,85,075<br>B) 27th April 2023 |
| (iv) The amount transferred to any fund specified under Schedule VII as per the second proviso to sub-section (5) of section 135 | NIL |
| f. Excess amount for set-off, if any | NIL |
| g. Details of CSR amount spent against other than ongoing projects for the financial year | NIL |

h. Details of CSR amount spent against ongoing projects for the financial year

| S. No. | Particulars | Information |
|---|---|---|
| 1 | Item from the list of activities in Schedule VII to the Act | Environmental Sustainability |
| 2 | Name of the Project | Development of a minor bridge, road, and Nala in IDA, Mallapur, Road #3 |
| 3 | Local area (Yes/No) | Yes |
| 4 | Location of the Project | Hyderabad, Telangana |
| 5 | Project Duration | 2 years |
| 6 | Amount allocated for the project | INR 957.62 Lakhs |
| 7 | Amount spent in the current financial Year | INR 2,29,18,725 |
| 8 | Amount transferred to Unspent CSR Account for the project as per Section 135(6) | INR 1,28,40,840* |
| 9 | Mode of Implementation - Direct (Yes/No). | No |
| 10 | Mode of Implementation - Through Implementing Agency | Aragen Foundation (CSR Registration Number CSR00031610) |

** Out of the total amount of INR 1,69,85,075/-. The balance amount of INR 41,44,235/- pertains to another ongoing project of FY22*

**7.** Details of Unspent Corporate Social Responsibility amount for the preceding three financial years

| S.No. | Details | 2019-20 | 2020-21 | 2021-22 |
|---|---|---|---|---|
| 1 | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in INR) | NIL | NIL | 2,06,29,565 |
| 2 | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | NIL | NIL | NIL |
| 3 | Amount spent in the Financial Year (in INR). | NIL | NIL | 1,61,18,760 |
| 4 | Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any, with the date of transfer | NIL | NIL | NIL |
| 5 | Amount remaining to be spent in succeeding financial years. (in INR) | NIL | NIL | NIL |
| 6 | Deficiency, if any | NIL | NIL | NIL |

**8.** Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **NO**

**9.** Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135:

*The Company has identified a few ongoing projects to be completed in the next 2 to 3 years. The amount remaining unspent during the year was transferred to an "Ongoing CSR Projects account" and such amount will be spent for the specific ongoing project approved by the Board.*

**10.** The Committee is satisfied, and the Company's Chief Financial Officer hereby confirms and certifies that the funds earmarked for the CSR projects were properly utilized for the approved projects.

| | | |
|---|---|---|
| Sd/- | Sd/- | Sd/- |
| (Sachin Anand Dharap) | (Manmahesh Kantipudi) | (Davinder Singh Brar) |
| Chief Financial Officer | Whole-time Director & CEO | Chairman - ESG & CSR Committee |

## Annexure 6 to the Board's Report of Aragen Life Sciences Limited

Form AOC-1 (Pursuant to the first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES OR ASSOCIATE COMPANIES OR JOINT VENTURES (2022-23)

### Part A: Subsidiaries

**(Rs.in Millions)**

| S. No. | Name of the subsidiary | The date since when the subsidiary was acquired | Reporting period for the subsidiary concerned | Reporting currency and Exchange rate as of the last date of the relevant financial year in the case of foreign subsidiaries | Share capital | Reserves and surplus | Total assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | The extent of shareholding (in percentage) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Aragen Bioscience Inc. | 19th July 2016 | 01-Apr-2022 to 31-Mar-2023 | USD 82.22 | 0.02 | 137.71 | 1,011.55 | 873.82 | - | 1,273.68 | -374.82 | - | -374.82 | - | 100% |
| 2. | Aragen Life Sciences B.V. | 28th June 2013 | | EUR 89.61 | 35.05 | 10.94 | 58.88 | 47.94 | - | 149.39 | 6.84 | - | 6.84 | - | 100% |
| 3. | Intox Private Limited | 13th December 2021 | | INR | 7.60 | 660.66 | 908.68 | 240.42 | 0.03 | 536.68 | 182.80 | 46.65 | 136.15 | - | 76% |
| 4. | Aragen Foundation | 21st December 2021 | | INR | 0.10 | -0.09 | 2.13 | 2.12 | - | 25.44 | -0.02 | - | -0.02 | - | 100% |

Part B: Associates and Joint Ventures: NIL

For and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**

Sd/-
Davinder Singh Brar
Chairman
DIN: 00068502

Sd/-
Keshav Gunupati Venkat Reddy
Director
DIN: 06593325

Sd/-
Manmahesh Kantipudi
Whole-time Director & Chief Executive Officer
DIN: 05241166

Sd/-
Sachin Anand Dharap
Chief Financial Officer

Sd/-
K Ramakrishna
Company Secretary
M. No.: F3865

Date: 24th May 2023

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

For the Financial Year 2022-23

To,

The Members,
**M/s. ARAGEN LIFE SCIENCES LIMITED**
Plot 28A, IDA Nacharam, Hyderabad-500076. Telangana.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. ARAGEN LIFE SCIENCES LIMITED** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **M/s. ARAGEN LIFE SCIENCES LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents, and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the year ended 31st March 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

    (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder.

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

(v) The Industry-specific Acts, Labour and other applicable laws applicable to the Company as provided by the management of the Company in their management representation letter;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable.**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018– **Not Applicable.**

d) The Securities and Exchange Board of India (Share based employee benefits and Sweat Equity) Regulations, 2021– **Complied to the extent of ESOP Schemes of the Company.**

e) The Securities and Exchange Board of India (issue and listing of non-convertible securities) Regulations, 2021.

f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client; – **Not Applicable.**

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not Applicable.**

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998– **Not Applicable.**

j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 – **to the extent applicable**

2. We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India which were notified and effective from 1st July 2015.

(ii) Listing Agreement entered into by the Company with BSE Limited with respect to the listing of its non-convertible debentures.

(iii)Debenture Trust Deed entered into by the Company with the Debenture Trustees of Listed Non-Convertible Debentures of the Company, IDBI Trusteeship Services Limited.

3. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines made thereunder.

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

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

   All the decisions of the Board and Committees thereof were carried out with the requisite majority and recorded in the minutes of the respective meetings.

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

7. We further report that, during the audit period

   i. COMPOSITE SCHEME OF ARRANGEMENT: The Composite Scheme of Arrangement between the Company, GVK Davix Technologies Private Limited, the parent company ("GVK Davix"), Excelra Knowledge Solutions Private Limited, and GVK Davix Research Private Limited (Fellow Subsidiaries) and their respective shareholders, which contemplates, among others, the amalgamation of the residual GVK Davix (post demerger of its informatics business and only with investment in the Company) into the Company with the Appointed Date 2nd April 2021 ("Scheme"), was approved by the National Company Law Tribunal, Hyderabad Bench ("NCLT") on 30th May 2022, and the Company has received the final order copy on 07th June 2022. The Company filed the certified copy of the Order on 01st July 2022 concerning Part IV of the Scheme concerning the amalgamation of GVK Davix with the Company, and the amalgamation has become operative from that date.

      Pursuant to the Scheme, during the year the authorised share capital of the Company stood increased from Rs.1150 million to Rs.1420 million and the Company allotted 339,00,000 equity shares to the shareholders of GVK Davix and the existing shareholding of 339,00,000 equity shares of GVK Davix in the Company was cancelled.

ii. During the year, the authorised share capital of the Company was increased to Rs.2500 million and during the period under review the company allotted 13,62,76,126 equity shares under bonus issue and the same is approved by the shareholders of the Company at their Extra-ordinary General Meeting held on 27th January 2023, Bonus shares were allotted to the shareholders in the proportion of two (2) new equity shares for every one equity share of the Company and consequent adjustments were made to the number of ESOPs granted to employees under the Company's ESOP Schemes 2007 and 2017 and to the exercise price thereof.

iii. During the year under review, Ms. Indira Krishna Reddy Gunupati, Mr. Sahajbir Singh Brar, Mr. Adam Richard Dawson and Mr. Venkata Sanjay Reddy Gunupati, Directors, have resigned from the directorship of the Company. Ms. Anita Ramachandran was appointed as Director under Independent Category.

In compliance with the provisions of the Companies Act, 2013 applicable to a Public Limited Company, Mr. Gerhard Mayr, Dr. Robert Richard Ruffolo and Ms. Anita Ramachandran, the existing directors on the Board, were designated as Independent Directors and their term and remuneration were determined, subject to the approval by the shareholders at the ensuing Annual General Meeting.

iv. During the year, the Company adopted various key governance policies that comply with the requirements of the Act and the SEBI Regulations as part of good governance.

v. <u>Conversion to Public Company</u>: As approved by the shareholders at their Extra-ordinary General Meeting on 27th January 2023, the Company converted itself to a Public limited company and a revised Certificate of Incorporation was received from the Registrar of Companies, Telangana on 28th March 2023. Accordingly, the name of the Company changed to Aragen Life Sciences Limited.

vi. In compliance with the provisions of the Companies Act, 2013 applicable to a public limited company, Mr. Manmahesh Kantipudi was appointed as the Whole-time Director & CEO of the Company for a term of five years from 25th January 2023, Mr Sachin Anand Dharap was appointed as the Chief Financial Officer and Mr. Ramakrishna Kasturi were appointed as the Company Secretary and Compliance officer of the Company.

vii. <u>Acquisition:</u> The Company further consolidated its holding in Intox and acquired 19.18% of share capital from its Promoters in February 2023, thereby increasing the Company's total equity holding in Intox to 76%.

viii. During the year the Company altered its Memorandum of Association (Clause No's I and V(a)), and the Company adopted the restated Articles of Association at the Extra Ordinary General Meeting of the Company held on 27th January 2023.

For **ABR & ASSOCIATES**
**Company Secretaries**

**Sd/-**
**(A. BHIMESWARA RAO)**
Proprietor
M. No. 35521: C.P No.13380.
**ICSI UDIN: A035521E000355445**

Place: Hyderabad
Date: 23.05.2023

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE-A' and forms an integral part of this report

ABR & ASSOCIATES
Company Secretaries
B-41/A, Sai Sikhara, Ground Floor,
Madhura Nagar, Hyderabad-38.
Ph. No: 9291516984.
E-mail: bhimeshappana@gmail.com.

**'ANNEXURE-A'**

To,
The Members,
**M/s. ARAGEN LIFE SCIENCES LIMITED.**
Plot 28A, IDA Nacharam, Hyderabad-500076. TG.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

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

5. The compliance with the provisions of Corporate and other applicable laws, rules, regulations, and standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.

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

For **ABR & ASSOCIATES**
**Company Secretaries**

**Sd/-**
**(A. BHIMESWARA RAO)**
Proprietor
M. No. 35521: C.P No.13380.
**ICSI UDIN: A035521E000355445**

Place: Hyderabad
Date: 23.05.2023

B S R & Associates LLP
Chartered Accountants

Salarpuria Knowledge City, Orwell, B Wing,
6th Floor, Unit-3, Sy No. 83/1, Plot No. 02,
Raidurg, Hyderabad – 500 081 – India
Tel: +91 407 182 2000
Fax: +91 407 182 2399

# Independent Auditor's Report

## To the Members of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited)

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) (the "Company")and its employee welfare trust, which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matter(s)

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.

| Revenue Recognition - Existence |
|---|
| See Note 2(f) and note 19 to standalone financial statements |

| **The key audit matter** | **How the matter was addressed in our audit** |
|---|---|
| The Company's revenue is derived from contract research, development and manufacturing activities.<br><br>We have identified recognition of revenue as a key audit matter because of the following:<br><br>Revenue is a key performance indicator for the Company. There could be pressure on Management to meet expectations of investors/ other stakeholders.<br><br>Accordingly, there is a risk of fraud related to revenue being overstated by recognition in the wrong accounting period or being recognized before revenue recognition criteria have been satisfied. | We performed the following audit procedures:<br><br>• Evaluated the Company's revenue recognition accounting policies and compliance with applicable accounting standards.<br>• Tested the design and implementation of key internal financial controls with respect to revenue recognition and tested operating effectiveness of such controls.<br>• Performed substantive testing on a sample basis of revenue transactions recorded during the year by checking the underlying documents such as invoice, sales contracts, shipping documents to test evidence for satisfaction of the criteria for recognition of revenue during the year.<br>• Test checked significant manual journals posted to revenue to identify any unusual items and sought explanations from Management.<br>• Test checked sales transactions near to year-end and post year-end as well as credit notes issued post year-end to determine whether the revenue recognition during the year is appropriate.<br>• Evaluated the adequacy of the disclosures in the standalone financial statements. |

| **Assessment of recoverability of the carrying value of investment in subsidiaries** | |
|---|---|
| See Note 2 (l) and note 5 to standalone financial statements | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| As at 31 March 2023, the Company is carrying investment in subsidiaries amounting to INR 2,521.49 million.<br><br>These investments are evaluated at the end of each reporting period by Management to determine any indicators of impairment.<br><br>Based on factors considered, where such evidence exists, impairment loss is determined by Management and is recognized in accordance with note 2(l) of accounting policies | We performed the following audit procedures:<br>• Tested the design and implementation of key internal financial controls with respect to Company's assessment of impairment analysis. Tested the operating effectiveness of these controls.<br>• Performed a retrospective comparison of prior period cash flow forecasts to actual performance.<br>• Challenged the key assumptions used by Management in the impairment assessment, |

| | |
|---|---|
| to the standalone financial statements.<br><br>We identified the assessment of recoverability of the carrying value of investment in subsidiaries as a key audit matter considering the following:<br>• The significance of the value of these investments in the standalone financial statements.<br>• The inherent complexity in auditing the forward-looking assumptions applied to determine recoverable value given the significant Management judgements involved. The key assumptions in the cash flow models include the forecasted revenue, forecasted margins, terminal growth and discount rates. | specifically in relation to forecasted revenue, margins, terminal growth and discount rates with the assistance of our valuation specialists.<br>• Performed a sensitivity analysis on the outcome of impairment assessment to changes in key assumptions.<br>• Evaluated the adequacy of disclosures in the standalone financial statements, including disclosures of key assumptions, judgements and sensitivities. |

## Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Directors Report, but does not include the financial statements and 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' / Board of Trustees' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Company/Board of Trustees of the employee welfare trust ("Trust") are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company/Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the respective Management and Board of

Directors/Board of Trustees are responsible for assessing the ability of the Company/Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors/Board of Trustees either intends to liquidate the the Company/Trust or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/Board of Trustees are responsible for overseeing the financial reporting process of the Company/Trust.

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

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

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

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

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

2 A. As required by Section 143(3) of the Act, 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the 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 01 April 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. 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, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 34 to the standalone financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management of the Company represented to us that, to the best of its knowledge and belief, as disclosed in the Note 49 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.

(ii) The management of the Company represented to us that, to the best of its knowledge and belief, as disclosed in the Note 49 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

   As stated in Note 13 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

   In our opinion and according to the information and explanations given to us the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Arpan Jain**

*Partner*

Place: Hyderabad
Membership No.: 125710

Date: 24 May 2023
ICAI UDIN:23125710BGYBQQ4848

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified once in three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, Property, Plant and Equipment were physically verified by the management during the year ended 31 March 2021 and no material discrepancies had been noticed on such verification. During the year, no physical verification has been performed by the management.

(i) (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value (In INR Million) | Held in the name of | Whether promoter, director or their relative or employee | Period held-indicate range, where appropriate | Reason for not being held in the name of the company Also indicate if in dispute |
|---|---|---|---|---|---|
| Freehold land | 47.95 | Telangana State Industrial Infrastructure Corporation | No | 2007 | Land allotted pursuant to agreement for sale which is pending registration in the name of the Company |
| Freehold land | 47.64 | Karnataka Industrial Area Development Board | No | 2008 | |

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year.For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made, investments (including Deemed investments) and provided guarantee to companies in respect of which the requisite information is as below. The Company has not made any investments, granted loans to firms, limited liability partnership or any other parties:

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has stood guarantee as below:

| Particulars | Guarantees (INR in million) |
|---|---|
| Aggregate amount during the year<br>– Subsidiary | **411.08** |
| Balance outstanding as at balance sheet date<br>– Subsidiary | **452.19** |

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, during the year and the terms and conditions of the guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) The Company has not given any loans or any advance in the nature of loans. Accordingly, clause 3(iii)(c),(d),(e),(f) are not applicable.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)*

148(1) of the Act in respect of its manufactured goods and services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, duty of Excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Sales tax, Service tax, Income-tax, duty of Customs or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Nature of dues | Amount disputed (in INR Million) | Amount paid under protest (INR in million) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax | 16.44 | - | AY 2005-06 | High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh |
| | | 36.91 | - | AY 2006-07 | |
| | | 85.60 | - | AY 2008-09 | |
| | | 59.80 | - | AY 2009-10 | |
| | | 126.02 | - | AY 2010-11 | |
| | | 101.81 | - | AY 2011-12 | |
| | | 132.55 | - | AY 2012-13 | |
| | | 155.74 | - | AY 2013-14 | |
| | | 220.32 | - | AY 2014-15 | Commissioner of Income Tax (Appeals) |
| | | 218.28 | 19.39 | AY 2015-16 | |
| | | 29.53 | 5.61 | AY 2016-17 | |
| | | 48.56 | 10.09 | AY 2017-18 | |

**Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)***

| | | | | | |
|---|---|---|---|---|---|
| Finance Act, 1994 | Service Tax | 1.89 | 0.19 | 2016-17 | Commissioner of Customs and Central Tax (Appeals) |
| Central Sales tax, 1956 | CST | 2.22 | 0.28 | 2016-17 | Deputy Commercial Tax Officer |
| Customs Act 1962 | Customs | 9.27 | 7.5 | 2013-14 to 2017-18 | Commissioner of Customs (Appeals) |
| Goods and Service Tax Act, 2017 | GST | 5.25 | 0.4 | 2017-18 | Assistant Commissioner of Central Tax |

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act). The Company does not have associates or joint ventures.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)*

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

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

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, 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 that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)*

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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Sec.135(6) of the said Act.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Arpan Jain**

*Partner*

Membership No.: 125710

ICAI UDIN:23125710BGYBQQ4848

Place: Hyderabad

Date: 24 May 2023

**Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)***

**Annexure**

# Annexure B to the Independent Auditor's Report on the standalone financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023

## Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

## Opinion

We have audited the internal financial controls with reference to financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 tothe 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 Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

## Annexure B to the Independent Auditor's Report on the standalone financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)*

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Arpan Jain**

*Partner*

Place: Hyderabad — Membership No.: 125710

Date: 24 May 2023 — ICAI UDIN:23125710BGYBQQ4848

**Aragen Life Sciences Limited** *(formerly known as Aragen Life Sciences Private Limited)*
**Standalone Balance Sheet as at 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

| | Notes | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 9,383.10 | 8,280.05 |
| Capital work-in-progress | 3 | 1,647.21 | 281.63 |
| Other intangible assets | 4 | 28.62 | 22.24 |
| Right-of-use assets | 3A | 320.71 | 376.00 |
| Financial assets | | | |
| - Investments | 5 | 2,523.52 | 2,520.13 |
| - Loans | 6 | - | 2.34 |
| - Other financial assets | 7 | 185.00 | 490.28 |
| Deferred tax assets (net) | 26 | 104.65 | - |
| Non-current tax assets (net) | 26 | 181.25 | 232.02 |
| Other non-current assets | 11 | 85.08 | 16.19 |
| **Total non-current assets** | | **14,459.14** | **12,220.88** |
| **Current assets** | | | |
| Inventories | 8 | 624.50 | 959.39 |
| Financial assets | | | |
| - Trade receivables | 9 | 2,859.91 | 2,036.43 |
| - Cash and cash equivalents | 10A | 356.93 | 2,071.94 |
| - Bank balances other than cash and cash equivalents | 10B | 803.21 | 1,284.56 |
| - Loans | 6 | 41.08 | - |
| - Other financial assets | 7 | 101.44 | 153.18 |
| Other current assets | 11 | 984.22 | 738.67 |
| **Total current assets** | | **5,771.29** | **7,244.17** |
| **Total assets** | | **20,230.43** | **19,465.05** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 12 | 2,044.14 | 681.38 |
| Other equity | 13 | 10,128.78 | 9,748.52 |
| **Total Equity** | | **12,172.92** | **10,429.90** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 14 | 3,558.92 | 4,398.87 |
| - Lease liabilities | 3A | 110.79 | 157.96 |
| Provisions | 15 | 198.23 | 154.54 |
| Deferred tax liabilities (net) | 26 | - | 40.94 |
| **Total non-current liabilities** | | **3,867.94** | **4,752.31** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 14 | 1,422.27 | 805.67 |
| - Lease liabilities | 3A | 73.49 | 77.94 |
| - Trade payables | 16 | | |
| -Total outstanding dues of micro and small enterprises | | 120.91 | 128.62 |
| -Total outstanding dues of creditors other than micro and small enterprises | | 969.50 | 1,126.91 |
| - Other financial liabilities | 17 | 1,086.29 | 1,397.85 |
| Provisions | 15 | 109.37 | 62.38 |
| Current tax liabilities (net) | 26 | 117.88 | 93.88 |
| Other current liabilities | 18 | 289.86 | 589.59 |
| **Total current liabilities** | | **4,189.57** | **4,282.84** |
| **Total liabilities** | | **8,057.51** | **9,035.15** |
| **Total equity and liabilities** | | **20,230.43** | **19,465.05** |
| Company background & Significant accounting policies | 1 & 2 | | |

The notes referred to above form an integral part of these standalone financial statements.
As per our Report on Standalone Financial Statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*

ICAI Firm Registration No: 116231W/ W-100024

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Place: Hyderabad

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
*(formerly known as Aragen Life Sciences Private Limited)*
CIN: U74999TG2000PLC035826

Sd/-
**Davinder Singh Brar**
Chairman
DIN: 00068502

Sd/-
**Keshav Gunupati Venkat Reddy**
Director
DIN: 06593325

Sd/-
**K Ramakrishna**
Company Secretary
M.No.: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer

Place: Hyderabad
Date: 24 May 2023

**Aragen Life Sciences Limited** *(formerly known as Aragen Life Sciences Private Limited)*
**Standalone Statement of Profit and Loss for the year ended 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

| | Notes | For the year ended | |
|---|---|---|---|
| | | **31 March 2023** | **31 March 2022** |
| Revenue from operations | 19 | 15,599.65 | 12,359.68 |
| Other income | 20 | 213.62 | 173.78 |
| **Total income** | | **15,813.27** | **12,533.46** |
| **Expenses** | | | |
| Cost of materials consumed | 21 | 1,684.64 | 1,990.23 |
| Changes in inventories of work-in-progress and finished goods | 22 | 321.52 | (253.81) |
| Employee benefits expense | 23 | 3,711.32 | 2,969.39 |
| Finance costs | 24 | 369.76 | 227.57 |
| Depreciation and amortisation expenses | 3,4 & 3A | 1,409.88 | 1,068.13 |
| Other expenses | 25 | 4,967.03 | 3,758.40 |
| **Total expenses** | | **12,464.15** | **9,759.91** |
| **Profit before tax** | | **3,349.12** | **2,773.55** |
| **Tax expense** | | | |
| (a) Current tax | 26 | 903.05 | 617.95 |
| (b) Deferred tax | 26 | (73.12) | 45.82 |
| **Total tax expense** | | **829.93** | **663.77** |
| **Profit for the year** | | **2,519.19** | **2,109.78** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Remeasurement gain/(loss) on defined benefit plans | | (33.45) | 7.40 |
| Income-tax effect on above | | 8.29 | (1.78) |
| *Items that will be reclassified subsequently to profit or loss* | | | |
| Effective portion of gain/(loss) on hedging instruments in cash flow hedges | | (287.96) | 6.39 |
| Income-tax effect on effective portion of cashflow hedge | | 72.47 | (1.61) |
| **Total other comprehensive income, net of tax** | | **(240.65)** | **10.40** |
| **Total comprehensive income for the year** | | **2,278.54** | **2,120.18** |
| **Earnings per share (EPS)** | | | |
| (a) Basic | 27 | 12.47 | 10.47 |
| (b) Diluted | 27 | 12.31 | 10.35 |
| Company background & Significant accounting policies | 1 & 2 | | |

The notes referred to above form an integral part of these standalone financial statements.

As per our Report on Standalone Financial Statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*

ICAI Firm Registration No: 116231W/ W-100024

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
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**K Ramakrishna**
Company Secretary
M.No.: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad

Place: Hyderabad
Date: 24 May 2023

**Aragen Life Sciences Limited** *(formerly known as Aragen Life Sciences Private Limited)*
**Standalone Statement of Changes in Equity for the year ended 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

**(a) Equity share capital**

| | Number | Amount |
|---|---|---|
| **Equity shares of ₹10 each issued, subscribed and fully paid** | | |
| **As at 31 March 2021** | 6,69,82,452 | 669.82 |
| Issued during the year | 11,55,611 | 11.56 |
| **As at 31 March 2022** | **6,81,38,063** | **681.38** |
| Issued during the year | 13,62,76,126 | 1,362.76 |
| **As at 31 March 2023** | **20,44,14,189** | **2,044.14** |

**(b) Other equity**

| Particulars | Reserves and Surplus | | | | | | | | Other comprehensive income | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Securities premium** | **Treasury shares** | **Capital reserve** | **General reserve** | **Retained earnings** | **Debenture redemption reserve** | **Capital redemption reserve** | **Share based payment reserve** | **Effective portion of cashflow hedge** | |
| **Balance as at 31 March 2021** | **185.81** | **(145.78)** | **(234.17)** | **211.05** | **7,403.71** | **-** | **3.36** | **106.14** | **103.05** | **7,633.17** |
| On account of Composite scheme of arrangement (refer note 42) | - | - | (227.85) | - | - | - | - | - | - | (227.85) |
| Profit for the year | - | - | - | - | 2,109.78 | - | - | - | - | 2,109.78 |
| Transfer to debenture redemption reserve | - | - | - | - | (200.00) | 200.00 | - | - | - | - |
| Issue of share capital | 205.52 | - | - | - | - | - | - | (54.33) | - | 151.19 |
| Other comprehensive income | - | - | - | - | 5.62 | - | - | - | 4.78 | 10.40 |
| Movement in treasury shares | - | 1.98 | - | - | - | - | - | - | - | 1.98 |
| Employee stock compensation expenses | - | - | - | - | - | - | - | 69.85 | - | 69.85 |
| **Balance as at 31 March 2022** | **391.33** | **(143.80)** | **(462.02)** | **211.05** | **9,319.11** | **200.00** | **3.36** | **121.66** | **107.83** | **9,748.52** |
| Profit for the year | - | - | - | - | 2,519.19 | - | - | - | - | 2,519.19 |
| Other comprehensive income | - | - | - | - | (25.16) | - | - | - | (215.49) | (240.65) |
| Employee stock compensation expenses | - | - | - | - | - | - | - | 49.01 | - | 49.01 |
| Contribution towards employees of Subsidiary | - | - | - | - | - | - | - | 3.19 | - | 3.19 |
| On account of consolidation of Aragen Employee Welfare Trust | - | (3.07) | - | - | 12.64 | - | - | - | - | 9.57 |
| Dividends paid* | - | - | - | - | (597.29) | - | - | - | - | (597.29) |
| Utilised for bonus issue | (391.33) | - | - | (211.05) | (757.02) | | (3.36) | - | - | (1,362.76) |
| **Balance as at 31 March 2023** | **-** | **(146.87)** | **(462.02)** | **-** | **10,471.47** | **200.00** | **-** | **173.86** | **(107.66)** | **10,128.78** |

*Net of dividend paid to Aragen Employees Welfare Trust

The notes referred to above form an integral part of these standalone financial statements.
As per our Report on standalone financial statements of even date attached

*for* **B S R & Associates LLP**

Chartered Accountants
ICAI Firm Registration No: 116231W/ W-100024

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Place: Hyderabad

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
(formerly known as Aragen Life Sciences Private Limited)
CIN: U74999TG2000PLC035826

Sd/-
**Davinder Singh Brar**
Chairman
DIN: 00068502

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Director
DIN: 06593325

Sd/-
**K Ramakrishna**
Company Secretary
M.No.: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad
Date: 24 May 2023

**Aragen Life Sciences Limited** *(formerly known as Aragen Life Sciences Private Limited)*
**Standalone Statement of cash flows for the year ended 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Cash flow from operating activities** | | |
| Profit before tax | 3,349.12 | 2,773.55 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,409.88 | 1,068.13 |
| Interest income | (101.93) | (60.65) |
| Liabilities no longer required written back | (41.13) | (30.28) |
| Interest expense | 369.76 | 227.57 |
| Employee stock compensation expense | 49.01 | 69.85 |
| Unrealised foreign exchange fluctuation loss/(gain) | 48.22 | (8.77) |
| Loss on sale of property, plant and equipment | 0.44 | - |
| Provision for doubtful debts | 86.28 | (10.82) |
| Financial guarantee income | (3.12) | (2.45) |
| Property, plant and equipment written-off | - | 0.74 |
| **Adjustments for working capital** | | |
| Decrease/(increase) in inventories | 334.89 | (294.55) |
| Increase in trade receivables | (976.38) | (105.75) |
| Increase in loans | - | (0.12) |
| Increase in other non-current financial assets | (10.15) | (11.33) |
| Increase in other current assets | (285.70) | (33.79) |
| (Decrease)/Increase in trade payables | (167.19) | 173.22 |
| (Decrease)/Increase in other current financial liabilities | (243.95) | 223.68 |
| Increase in provisions | 57.23 | 38.27 |
| (Decrease)/increase in other current liabilities | (299.73) | 254.00 |
| **Cash generated from operations** | **3,575.55** | **4,270.50** |
| Income-tax paid | (819.99) | (691.41) |
| **Net cash flow generated from operating activities** | **2,755.56** | **3,579.09** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment incl. CWIP and Capital advances | (3,636.18) | (3,299.42) |
| Proceeds from sale of property, plant and equipment | 0.05 | - |
| Redemption of margin money deposits | 0.36 | 3.95 |
| (Investment in)/redemption of fixed deposits, net | 787.21 | (525.94) |
| Payment towards acquisition of subsidiaries | (496.95) | (1,074.08) |
| Finance and interest income received | 101.47 | 76.32 |
| **Net cash used in investing activities** | **(3,244.04)** | **(4,819.17)** |
| **Cash flow from financing activities** | | |
| Proceeds from issue of equity shares | - | 162.75 |
| Proceeds from long-term borrowings | - | 3,480.00 |
| Repayment of long-term borrowings | (405.89) | (311.64) |
| Repayment of lease liabilities | (100.33) | (79.79) |
| Payment of dividend | (597.29) | - |
| Proceeds/(Repayment) from short-term borrowings, net | 198.43 | (419.29) |
| Interest expense paid | (334.49) | (179.46) |
| **Net cash flow (used in)/generated from financing activities** | **(1,239.57)** | **2,652.57** |
| **Net increase/(decrease) in cash and cash equivalents** | **(1,728.05)** | **1,412.49** |
| Cash and cash equivalents at the beginning of the year | 2,071.94 | 659.45 |
| Cash and cash equivalents on account of conolidation of Aragen Employees Welfare Trust | 13.04 | - |
| **Cash and cash equivalents at the end of the year** | **356.93** | **2,071.94** |
| **Cash and cash equivalents comprise** | | |
| Balances with banks | | |
| On current accounts | 356.65 | 765.41 |
| Fixed deposits with maturity of less than 3 months | 0.17 | 1,305.84 |
| Cash on hand | 0.11 | 0.69 |
| **Total cash and cash equivalents at end of the year** | **356.93** | **2,071.94** |

Refer note 14 for Reconciliation of Liabilities from Financing Activities

*for* **B S R & Associates LLP**
*Chartered Accountants*

ICAI Firm Registration No: 116231W/ W-100024

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Place: Hyderabad

*for* and on behalf of the Board of Directors of
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DIN: 06593325

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Company Secretary
M.No.: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad
Date: 24 May 2023

1. **Company overview**

Aragen Life Sciences Limited *(formerly known as Aragen Life Sciences Private Limited)* ("the Company"), is a Company incorporated in the year 2000 under the provisions of the Companies Act, 1956. The Company is primarily engaged in providing contract research and development services to global Pharmaceutical and Biotechnology companies. The Company's headquarter is located at 28 A, IDA Nacharam, Hyderabad, Telangana 500076, India.

Pursuant to the resolution passed by the Directors of the Company on 25 January 2023 and approved by the shareholders at the extraordinary general meeting held on 27 January 2023, the Company has been converted from a Private Limited Company to a Public Limited Company and the Company ceased to be Private company as per Section 14 of the Companies Act, 2013. The Company has obtained a fresh certificate of incorporation dated 28 March 2023 consequent upon conversion of the Company from the Registrar of Companies, Ministry of Corporate Affairs.

2. **Summary of significant accounting policies**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 ("the Rules") (as amended).

The standalone financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 24 May 2023.

**(b) Basis of preparation of standalone financial statements**

The standalone financial statements have been prepared on a historical cost basis, except for the following item:

- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation
- Certain financial assets and liabilities that are measured at fair value or amortised value

The accounting policies applied by the Company are consistent with those used in the prior periods.

**(c) Current versus non-current classification:**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

**Current versus non-current classification**

A liability is current when:

- it is expected to be settled in normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**(d) Foreign currencies:**

The Company's financial statements are presented in Indian Rupees (₹), which is also the company's functional currency.

All the amounts have been rounded to the nearest millions.

*Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

**2. Summary of significant accounting policies** (continued)

*Conversion*

Foreign currency monetary items are reported at year-end rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

*Exchange differences*

Exchange differences arising on the settlement of foreign currency monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**(e) Fair value measurement:**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the revised financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**(f) Revenue recognition**

**Revenue from contracts with customers**

The following is a summary of significant accounting policies related to revenue recognition.

**Contract research services and Pharmaceutical Products Sales**

The Company derives revenues primarily from Contract research services and Pharmaceutical Products Sales. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research services and pharmaceutical products sales are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by

**2. Summary of significant accounting policies** (continued)

the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Company collects GST as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

ii) **Dividends**

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

iii) **Interest Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss

**Use of Significant Judgements in revenue recognition:**

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**(g) Taxes**

Tax expense comprises of current and deferred tax.

*Current income tax*

Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions. Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will

**2. Summary of significant accounting policies** (continued)

be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies, if any. Cost comprise of purchase price, freight, non-refundable taxes and duties, specified foreign exchange gains or losses and any other cost attributable to bring the asset to its working condition for its intended use. Expenditure directly relating to construction activity is capitalised. Indirect expenditure is capitalised to the extent those relate to the construction activity or is incidental thereto. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

The Company adopted cost model as its accounting policy, in recognition of the property, plant and equipment and recognises transaction value as the cost.

Direct expenditure incurred and other attributable costs on projects under implementation are treated as unallocated capital expenditure pending allocation to the assets and under construction or in the process of installation are termed as Capital work-in-progress and shown at cost in the Balance Sheet.

Gain or losses arising from derecognition of a fixed asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

*Borrowing costs*

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are recognized in statement of profit and loss as incurred.
*Depreciation on property, plant and equipment*

Depreciation on property, plant and equipment is provided on straight-line method over their estimated useful lives as estimated by the management. Management has assessed the useful life of its property, plant and equipment on the basis of technical expert advice and past experience in the industry. The details of useful lives as assessed by the management and as prescribed in the Schedule II of The Companies Act, 2013 is as follows.

| **Particulars** | **Management estimate (No. of years)** | **Schedule II (No. of years)** |
|---|---|---|
| Buildings (Including Roads) | 10- 30 Years | 10- 30 Years |
| Laboratory equipment | 7 Years | 10 Years |
| Plant and machinery | 20 Years | 20 Years |
| Computer and related equipment | 3 - 4 Years | 3 - 6 Years |
| Office equipment | 5 - 10 Years | 5 - 10 Years |
| Furniture and fixtures | 10 Years | 10 Years |
| Vehicles | 8 Years | 8 Years |

Leasehold improvements are depreciated on straight-line method over the balance lease period or the useful lives as determined by management, whichever is lower.

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

### (i) Intangible assets

*Software licenses including computer software*

Intangible assets in the nature of software licenses are measured on initial recognition at cost including expenditure incurred towards implementation of such software. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Gains or losses arising from derecognition of an

**2. Summary of significant accounting policies** (continued)

intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

*Amortization*

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life.

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**(j) Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**As a lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate

**2. Summary of significant accounting policies** (continued)

of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Balance sheet.

**Short-term leases and leases of low-value assets:**

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

**(k) Inventories**

Raw material in the nature of chemicals, stores and spares and other consumables are carried at cost. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the Material cost, Actual cost is used in-case of raw materials for manufacturing activities and moving average cost method is used in all other cases. The carrying cost of chemicals, stores and spares and other consumables are appropriately written down when there is a decline in replacement cost of such materials and final services in which they will be incorporated are expected to be sold below cost.

Cost of work-in-progress includes cost of material consumed, labor and manufacturing overheads.

Finished goods are valued at cost or net realizable value, whichever is lower.

**(l) Impairment of non-financial assets**

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 or CGU. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses of continuing operations are recognised in the statement of profit and loss.

**(m)Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event i.e., it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recongises any impairment loss on the assets associated with that contract

**2. Summary of significant accounting policies** (continued)

**(n) Retirement and other employee benefits**

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans*

The Company's contribution towards employee provident fund to Government administered provident fund scheme is considered as a defined contribution plan and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered Provident Fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

*Gratuity*

For defined benefit plans in the form of gratuity fund, 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. The contributions made to the fund are recognised as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognised in the Balance Sheet. Re-measurements are recognised in the other comprehensive income, net of tax in the year in which they arise.

When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long term employee benefits*

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur

**(o) Share based payments**

The Company measures compensation cost relating to share-based payments using the fair valuation method in accordance with Ind AS 102 (Share Based Payment). Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

**2. Summary of significant accounting policies** (continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

**(p) Financial instruments**

**A. Financial assets**

**Initial recognition and measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liabilities is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:
- Debt instruments
- Equity instruments

**Debt instruments**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met: a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 9.

**Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. The Company has made investment in equity instruments of its subsidiaries, the same has been accounted for at cost in accordance with Ind AS 27.

**Derecognition:** A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**2. Summary of significant accounting policies** (continued)

**Derivative financial instruments and hedge accounting**

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

**Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates full provision for all the amounts which the management estimates that they are not recoverable.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

**B. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships

**2. Summary of significant accounting policies** (continued)

as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

**Loans and borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some of all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down. The fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to borrowings. For more information, refer Note 14.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

As guarantees in relation to loans and other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**(q) Treasury shares:**

The Company has created a Aragen Employees Welfare Trust *(formerly GVK Bio Employees Welfare Trust)* ("Trust") for providing share-based payment to its employees. The company uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Trust buys shares of the company from the employees, for future grants to employees in pursuant to the Employee Stock Option Scheme. The company treats the Trust as its extension and shares held by the Trust are treated as treasury shares. Those equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity of the Company. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in reserve. Share options exercised during the reporting period are satisfied with treasury shares.

**2. Summary of significant accounting policies** (continued)

**(r) Cash and cash equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**(s) Cash dividend and non-cash distribution to equity holders of the company**

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(t) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments.

Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. Current investments are carried at lower of cost and fair value determined on individual investment basis.

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

**(u) Earnings per equity share**

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

**(v) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(w) Government grants**

The Company recognises Government grants only at their fair value when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues or deducted in reporting the related expense based on the terms of the grant, as applicable.

**(x) Standards issued but not effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 01 April 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**2. Summary of significant accounting policies** (continued)

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**
The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

## 3 Property, plant and equipment & Capital work-in-progress

| | Land (refer note (i)) | Buildings | Plant & equipment | Laboratory equipment | Furniture and fixtures | Vehicles | Office equipment | Computer and related equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | |
| **As at 31 March 2021** | 151.22 | 1,621.64 | 1,306.13 | 4,232.89 | 379.25 | 4.29 | 721.34 | 152.48 | 24.06 | 8,593.30 |
| Additions during the year | - | 882.60 | 150.70 | 2,082.61 | 205.98 | 2.10 | 491.07 | 91.59 | - | 3,906.65 |
| Disposals during the year | - | - | (6.90) | (0.48) | (0.69) | - | (0.33) | - | - | (8.40) |
| **As at 31 March 2022** | **151.22** | **2,504.24** | **1,449.93** | **6,315.02** | **584.54** | **6.39** | **1,212.08** | **244.07** | **24.06** | **12,491.55** |
| Additions during the year | - | 141.19 | 184.28 | 1,723.28 | 86.76 | 1.45 | 191.92 | 89.98 | - | 2,418.86 |
| Disposals during the year | - | - | (7.95) | (2.82) | - | - | - | - | - | (10.77) |
| **As at 31 March 2023** | **151.22** | **2,645.43** | **1,626.26** | **8,035.48** | **671.30** | **7.84** | **1,404.00** | **334.05** | **24.06** | **14,899.64** |
| **Accumulated depreciation** | | | | | | | | | | |
| **As at 31 March 2021** | - | 286.63 | 295.79 | 1,974.89 | 165.73 | 1.65 | 376.57 | 107.67 | 15.15 | 3,224.08 |
| Charge for the year | - | 77.11 | 75.72 | 644.40 | 46.49 | 0.64 | 106.47 | 37.61 | 2.81 | 991.25 |
| Disposals during the year | - | - | (3.60) | (0.15) | (0.05) | - | (0.03) | - | - | (3.83) |
| **As at 31 March 2022** | - | **363.74** | **367.91** | **2,619.14** | **212.17** | **2.29** | **483.01** | **145.28** | **17.96** | **4,211.50** |
| Charge for the year | - | 92.50 | 82.41 | 878.32 | 59.61 | 0.69 | 139.60 | 56.53 | 2.81 | 1,312.47 |
| Disposals during the year | - | - | (5.69) | (1.74) | - | - | - | - | - | (7.43) |
| **As at 31 March 2023** | **-** | **456.24** | **444.63** | **3,495.72** | **271.78** | **2.98** | **622.61** | **201.81** | **20.77** | **5,516.54** |
| **Net carrying amount as at** | | | | | | | | | | |
| **31 March 2023** | **151.22** | **2,189.19** | **1,181.63** | **4,539.76** | **399.52** | **4.86** | **781.39** | **132.24** | **3.29** | **9,383.10** |
| 31 March 2022 | 151.22 | 2,140.50 | 1,082.02 | 3,695.88 | 372.37 | 4.10 | 729.07 | 98.79 | 6.10 | 8,280.05 |

**Note (i):**
^ Includes Land amounting to ₹ 47.95 (31 March 2022: ₹ 47.95) allotted to the Company pursuant to the agreement for sale of land with Telangana State Industrial Infrastructure Corporation Limited (formerly Andhra Pradesh Industrial Infrastructure Corporation Limited), which is pending registration as at 31 March 2023.

Further includes Land amounting to ₹ 47.64 (31 March 2022: ₹ 47.64) allotted to the Company pursuant to the agreement for sale of land with Karnataka Industrial Area Development Board, which is pending registration as at 31 March 2023.

**Title deeds of immovable property not held in the name of the Company**

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Relevant line item in the Balance sheet | Property, Plant and Equipment | |
| Description of item of property | Land | |
| Gross carrying value | 95.59 | |
| Title deeds held in the name of | Refer Note (i) above | |
| Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | No | |
| Reason for not being held in the name of the Company | Refer Note (i) above | |

**3 Property, plant and equipment & Capital work-in-progress**

**Capital work-in-progress:**

Capital work-in-progress (CWIP) comprises expenditure for the building, plant and machinery, laboratory and electrical equipment in the course of construction. The balance of CWIP as at 31 March 2023 is ₹1,647.21 (31 March 2022: ₹281.63). The balance of expenditure during construction period pending allocation as at 31 March 2023 is ₹14.79 (31 March 2022: ₹3.84).

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance at the beginning of the year | 281.63 | 735.11 |
| Less: Capitalised during the year | (2,437.48) | (3,921.37) |
| Add: Additions to CWIP during the year | 3,803.06 | 3,467.89 |
| **Balance at the end of the year** | **1,647.21** | **281.63** |

**Ageing for capital work-in-progress as at March 31, 2023 is as follows:**

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 1,535.02 | 64.36 | 4.34 | 43.49 | 1,647.21 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **1,535.02** | **64.36** | **4.34** | **43.49** | **1,647.21** |

**Ageing for capital work-in-progress as at March 31, 2022 is as follows:**

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 233.63 | 4.37 | 3.77 | 39.86 | 281.63 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **233.63** | **4.37** | **3.77** | **39.86** | **281.63** |

Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling annual plan.

**Details of expenditure capitalised during the year**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance at the beginning of the year | 3.84 | 3.84 |
| Salaries and contract services | 14.75 | - |
| Power and fuel | 3.24 | - |
| Less: Capitalized during the year | (7.04) | - |
| **Balance at the end of the year** | **14.79** | **3.84** |

Refer note 14 for the details of assets pledged against borrowings.

**3A Right-of-use assets ("ROU Assets") and Lease Liabilities**

Following are the changes in the carrying values of right of use assets for the year ended 31 March 2023

| | Category of ROU Assets | | | | Total |
|---|---|---|---|---|---|
| | Land | Buildings | Laboratory equipment | Vehicles | |
| **Gross carrying amount** | | | | | |
| **As at 31 March 2021** | **203.41** | **102.75** | **101.21** | **16.16** | **423.53** |
| Additions during the year | - | 79.83 | - | 26.77 | 106.60 |
| Less: Disposals during the year | - | (43.84) | - | (10.45) | (54.29) |
| **As at 31 March 2022** | **203.41** | **138.74** | **101.21** | **32.48** | **475.84** |
| Additions during the year | - | 10.98 | - | 18.90 | 29.88 |
| Less: Disposals during the year | - | (11.72) | - | - | (11.72) |
| **As at 31 March 2023** | **203.41** | **138.00** | **101.21** | **51.38** | **494.00** |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| **As at 31 March 2021** | 6.28 | 43.04 | 13.70 | 8.85 | 71.87 |
| Charge for the year | 3.22 | 36.48 | 20.58 | 6.57 | 66.85 |
| Less: Disposals during the year | - | (28.43) | - | (10.45) | (38.88) |
| **As at 31 March 2022** | **9.50** | **51.09** | **34.28** | **4.97** | **99.84** |
| Charge for the year | 3.22 | 50.64 | 20.58 | 10.73 | 85.17 |
| Less: Disposals during the year | - | (11.72) | - | - | (11.72) |
| **As at 31 March 2023** | **12.72** | **90.01** | **54.86** | **15.70** | **173.29** |
| | | | | | |
| **Net carrying amount as at 31 March 2023** | **190.69** | **47.99** | **46.35** | **35.68** | **320.71** |
| Net carrying amount as at 31 March 2022 | 193.91 | 87.65 | 66.93 | 27.51 | 376.00 |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the movement in lease liabilities

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| **Balance at the beginning of the year** | 235.90 | 205.11 |
| Additions | 29.88 | 106.60 |
| Deletions from Lease liability | - | (16.36) |
| Finance cost accrued during the year | 18.83 | 20.34 |
| Payment of lease liabilities | (100.33) | (79.79) |
| **Balance at the end of the year** | **184.28** | **235.90** |

The following is the break-up of current and non-current lease liabilities

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Current lease liabilities | 73.49 | 77.94 |
| Non-current lease liabilities | 110.79 | 157.96 |
| **Total** | **184.28** | **235.90** |

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Less than one year | 86.48 | 95.27 |
| One to five years | 89.71 | 142.24 |
| More than five years | 317.46 | 319.73 |
| **Total** | **493.65** | **557.24** |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Amounts recognised in the statement of profit and loss**

| | For the year ended | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Interest on lease liabilities | 18.83 | 20.34 |
| Expenses relating to short-term leases | 3.62 | 4.54 |
| Depreciation expense for the year | 85.17 | 66.85 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | - | - |
| | **107.62** | **91.73** |

**4 Other intangible assets**

| | Computer Software | Total |
|---|---|---|
| **Gross carrying amount** | | |
| **As at 31 March 2021** | **53.61** | **53.61** |
| Additions during the year | 14.72 | 14.72 |
| **As at 31 March 2022** | **68.33** | **68.33** |
| Additions during the year | 18.62 | 18.62 |
| **As at 31 March 2023** | **86.95** | **86.95** |
| | | |
| **Accumulated amortization** | | |
| **As at 31 March 2021** | **36.06** | **36.06** |
| Charge for the year | 10.03 | 10.03 |
| **As at 31 March 2022** | **46.09** | **46.09** |
| Charge for the year | 12.24 | 12.24 |
| **As at 31 March 2023** | **58.33** | **58.33** |
| | | |
| **Net carrying amount** | | |
| **As at 31 March 2023** | **28.62** | **28.62** |
| As at 31 March 2022 | 22.24 | 22.24 |

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## 5 Investments

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Unquoted** | | |
| **Non-current Investments carried at cost** | | |
| **Investments in equity instruments of subsidiaries** | | |
| 391,141 (31 March 2022: 391,141) equity shares of €1 each fully paid-up of Aragen Life Sciences B.V., (formerly GVK Biosciences B.V.,) Netherlands | 33.97 | 33.34 |
| Less: Provision for impairment in value of investment | (33.34) | (33.34) |
| 796,000 (31 March 2022: 796,000) Series A common stock of $0.0001 each, fully paid-up of Aragen Bioscience Inc., United States of America. (refer note a) | 327.41 | 325.08 |
| 176,056 (31 March 2022: 176,056) Series B common stock of $0.0001 each, fully paid-up of Aragen Bioscience Inc., United States of America. | 258.36 | 258.36 |
| 577,600 (31 March 2022: 431,864) equity shares of Rs. 10 each, fully paid-up of Intox Private Limited | 1,581.21 | 1,580.98 |
| 10,000 (31 March 2022: 10,000) equity shares of Rs. 10 each, fully paid-up of Aragen Foundation | 0.10 | 0.10 |
| **Investments in preference shares of subsidiaries** | | |
| 725,000 (31 March 2022: 725,000) Series A preferred stock of $0.0001 each, fully paid-up of Aragen Bioscience Inc., United States of America. | 282.59 | 282.59 |
| 169,000 (31 March 2022: 169,000) Series B preferred stock of $0.0001 each, fully paid-up of Aragen Bioscience, Inc., United States of America. | 71.19 | 71.19 |
| **Investments designated at Fair value through profit & loss (FVTPL)** | | |
| **Investments in equity instruments of other entities** | | |
| 1,510 (31 March 2022: 1,310) equity shares of ₹1,000 each fully paid-up of Mana Effluent Treatment Private Limited, India | 1.51 | 1.31 |
| 51,430 (31 March 2022: 51,430) equity shares of ₹10 each fully paid-up of Pattancheru Envirotech Limited (held in the name of Dai-Ichi Karkaria Ltd., pending transfer), India. | 0.51 | 0.51 |
| **Investments in government securities carried at FVTPL** | | |
| National savings certificate | 0.01 | 0.01 |
| | **2,523.52** | **2,520.13** |
| **Aggregate carrying value of investments** | | |
| Quoted investments | - | - |
| Unquoted investments | 2,556.86 | 2,553.47 |
| Aggregate amount of provision for impairment in value of investments | 33.34 | 33.34 |

**Note :**

a. Includes an amount of ₹16.80 (31 March 2022: ₹16.80) in Aragen Bioscience, Inc. which is recognised as investment towards financial guarantee provided by the Company for no consideration as at 31 March 2023.

b. Information about the company's exposure to credit risk, market risk and fair value measurement is included in note 30 and note 28.

c. Reconciliation of provision for impairment in value of investment:

| Particulars | Amount |
|---|---|
| **Provision for Impairment as on 31 March 2021** | **33.34** |
| Changes in impairment | - |
| **Provision for Impairment as on 31 March 2022** | **33.34** |
| Changes in impairment | - |
| **Provision for Impairment as on 31 March 2023** | **33.34** |

d. The share of Employee stock compensation expense relating to the employees of subsidiaries are considered as investment in subsidiaries and accordingly included in the carrying value of investments above
The details of the same are as below:

| | As at | |
|---|---|---|
| **Particulars** | **31 March 2023** | **31 March 2022** |
| Aragen Bioscience, Inc. | 2.33 | - |
| Aragen Lifesciences B.V. (formerly GVK Biosciences B.V.) | 0.63 | - |
| Intox Private Limited | 0.23 | - |
| | **3.19** | - |

e. Details of the country of incorporation, nature of business and % of equity interest have been disclosed in note 34 of the Consolidated Financial Statements for the year ended 31 March 2023.

**6 Loans**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Non-current** | | |
| **(Unsecured, considered good)** | | |
| Loans to related parties (refer note i) (refer note 36(c)) | | |
| -Employee welfare trust (refer note ii) | - | 2.34 |
| | **-** | **2.34** |
| **Current** | | |
| **(Unsecured, considered good)** | | |
| Loans to related parties | | |
| -Loans to subsidiaries (refer note 36 (c)) | 41.08 | - |
| **(Unsecured, considered doubtful)** | | |
| Loans to related parties | | |
| -Loans to subsidiaries (refer note 36 (c)) | - | 30.69 |
| Less: Provision for loss allowance | - | (30.69) |
| | **41.08** | **-** |

| | **31 March 2023** | **31 March 2022** |
|---|---|---|
| Loans considered good - secured | - | - |
| Loans considered good - unsecured | 41.08 | 2.34 |
| Loans which have significant increase in credit risk | - | - |
| Loans - credit impaired | - | 30.69 |
| **Total** | **41.08** | **33.03** |
| Provision for doubtful loans | - | (30.69) |
| **Total Loans** | **41.08** | **2.34** |

(i) Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be effected by changes in the credit risk of the counter parties.

(ii) Represents amount of ₹ Nil (31 March 2022: ₹2.34) given to employee welfare trust of the Company's past and present employees pursuant to the terms and conditions of the Employee stock option scheme at an interest rate of Nil (31 March 2022: Nil) per annum. The same is presented as Nil on account of consolidation of Aragen Employees Welfare Trust during the current year.

(iii) Reconciliation of loss allowance

| **Particulars** | **Amount** |
|---|---|
| **Provision for loss allowance as on 31 March 2021** | **30.69** |
| Changes in loss allowance | - |
| **Provision for loss allowance as on 31 March 2022** | **30.69** |
| Reversal of loss allowance | (30.69) |
| **Provision for loss allowance as on 31 March 2023** | **-** |

| | **As at 31 March 2023** | | **As at 31 March 2022** | |
|---|---|---|---|---|
| **Type of Borrower** | **Amount of loan** | **% to the total loans** | **Amount of loan** | **% to the total loans** |
| Promoter | - | - | - | - |
| Directors | - | - | - | - |
| KMPs | - | - | - | - |
| Related Parties | 41.08 | 100.00% | 33.03 | 100.00% |

**7 Other financial assets**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Non-current** | | |
| **(Unsecured, considered good)** | | |
| Security deposits | 83.45 | 73.30 |
| Fixed deposits maturing after 12 months from the balance sheet date | 100.00 | 406.22 |
| Interest accrued on fixed deposits | 1.55 | 10.76 |
| | **185.00** | **490.28** |
| **Current** | | |
| **(Unsecured, considered good)** | | |
| Interest Accrued | | |
| -On fixed deposits | 21.87 | 9.08 |
| Production linked incentive receivable | 33.20 | - |
| Derivative instruments: (refer note (ii) below) | | |
| -Foreign exchange forward contracts used for hedging | - | 144.10 |
| Contract assets | 46.37 | - |
| | **101.44** | **153.18** |
| **Total other financial assets** | **286.44** | **643.46** |

(i) Information about the company's exposure to credit risk, foreign currency risk, interest rate risk and fair value measurement is included in note 28 and note 30.

**7 Other financial assets (continued)**
**(ii) Derivative instruments:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Total derivative instruments at fair value through profit and loss | (63.39) | (10.26) |
| Total derivative instruments at fair value through OCI | (143.86) | 144.10 |

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues and expenses, primarily in U.S. dollars, Great British pound sterling, and Euros, and foreign currency debt in U.S. dollars. The Company uses forward contracts and swap contracts (derivatives) to mitigate its risk of changes in foreign currency exchange rates.

In respect of the aforesaid foreign exchange derivative contracts, the Company has recorded, as part of foreign exchange gains and losses, a net loss of (₹287.96) for the year ended 31 March 2023 and net gain of ₹ 6.39 for the year ended 31 March 2022.

**Hedges of highly probable forecasted transactions**

Foreign exchange forward contracts that are designated as cash flow hedges and qualify for hedge accounting are fair valued at each reporting date and the resultant gain or loss is recognised in other comprehensive income under 'Cash flow hedge' in Equity to the extent considered highly effective and are reclassified into the statement of profit & loss upon occurrence of the hedged transactions. Gain or loss on derivative instruments that are either not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective is recognised in the statement of profit and loss.

In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded, in reserves and surplus, a net loss of (₹ 215.49) for the year ended 31 March 2023 and a net gain of ₹ 4.78 for the year ended 31 March 2022. The Company has also recorded, as part of revenue, a net gain/(loss) of (₹ 373.23) and ₹ 235.19 during the year ended 31 March 2023 and 31 March 2022 respectively.

The net carrying amount of the Company's "hedging reserve" was a gain/(loss) of (₹ 107.66) as at 31 March 2023, as compared to ₹ 107.83 as at 31 March 2022 respectively.

The table below summarises the periods when the forecasted cash flows associated with hedging instruments that are classified as cash flow hedges, are expected to occur:

| **Particulars** | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Cash flows in U.S. Dollars and Euros (figures in equivalent rupee millions)** | | |
| Not later than one month | (62.36) | 23.43 |
| Later than one month and not later than three months | (38.04) | 18.07 |
| Later than three months and not later than six months | (55.52) | 23.26 |
| Later than six months and not later than one year | 14.85 | 67.70 |
| Later than one year | (2.79) | 11.64 |
| **Total** | **(143.86)** | **144.10** |

**8 Inventories**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Valued at the lower of cost and net realisable value** | | |
| Raw materials, chemicals and consumables | 303.96 | 346.79 |
| Work-in-progress | 188.44 | 451.73 |
| Finished goods | 20.59 | 81.97 |
| Stores and spares | 111.51 | 78.90 |
| | **624.50** | **959.39** |
| The above includes stock in transit: | | |
| Raw materials, chemicals and consumables | 1.16 | 4.27 |
| Finished goods | - | 43.01 |
| Stores and spares | - | 0.08 |
| | **1.16** | **47.36** |

**Note:**

The write down of inventories to net realisable value during the year amounted to ₹ 28.76 (31 March 2022: ₹ 58.30). The write down are included in cost of materials consumed and changes in inventories of work-in-progress and finished goods.

**9 Trade receivables**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Unsecured considered good | | |
| - related parties (refer note 36(c)) | 31.91 | 22.45 |
| - other parties | 2,828.00 | 2,013.98 |
| | **2,859.91** | **2,036.43** |
| Unsecured considered doubtful | | |
| - related parties (refer note 36(c)) | 15.75 | 14.48 |
| - other parties | 153.14 | 68.13 |
| | **168.89** | **82.61** |
| Less: Allowance for expected credit loss | (168.89) | (82.61) |
| **Total trade receivables** | **2,859.91** | **2,036.43** |

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Trade receivables considered good - secured | - | - |
| Trade receivables considered good - unsecured | 2,859.91 | 2,036.43 |
| Trade receivables which have significant credit risk | 12.39 | 12.06 |
| Trade receivables - credit impaired | 156.50 | 70.55 |
| **Total** | **3,028.80** | **2,119.04** |
| Provision for loss allowance | (168.89) | (82.61) |
| **Total trade receivables** | **2,859.91** | **2,036.43** |

(i) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Trade receivables from related parties represent dues from private companies in which a director is director or a member.

(ii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

(iii) Reconciliation of loss allowance:

| Particulars | Amount |
|---|---|
| **Provision for loss allowance as on 01 April 2021** | **351.41** |
| Adjustment against bad debts written-off | (257.98) |
| Provision for expected credit losses/(reversals) during the year | (10.82) |
| **Provision for loss allowance as on 31 March 2022** | **82.61** |
| Adjustment against bad debts written-off | - |
| Provision for expected credit losses/(reversals) during the year | 86.28 |
| **Provision for loss allowance as on 31 March 2023** | **168.89** |

**Trade Receivables ageing schedule as at 31 March 2023:**

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 6 months** | **6 months -1 year** | **1-2years** | **2-3years** | **More than 3 years** | **Total** |
| (i) Undisputed Trade receivables – considered good | 1,960.41 | 703.44 | - | - | - | - | 2,663.85 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | 12.39 | - | - | - | - | 12.39 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | 63.27 | 15.90 | 4.95 | 21.56 | 105.68 |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | 2.43 | 8.77 | - | 39.62 | 50.82 |
| Unbilled Receivables | - | - | - | - | - | - | 196.06 |
| **Total** | **1,960.41** | **715.83** | **65.70** | **24.67** | **4.95** | **61.18** | **3,028.80** |
| Expected loss rate | 0.03% | 2.20% | 94.67% | 98.18% | 100.00% | 100.00% | |
| **Loss allowance provision** | **0.58** | **15.76** | **62.20** | **24.22** | **4.95** | **61.18** | **168.89** |

**Trade Receivables ageing schedule as at 31 March 2022:**

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 6 months** | **6 months -1 year** | **1-2years** | **2-3years** | **More than 3 years** | **Total** |
| (i) Undisputed Trade receivables – considered good | 1,436.06 | 531.23 | - | - | - | - | 1,967.29 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | 2.00 | 2.56 | 7.50 | - | 12.06 |
| (iii) Undisputed Trade Receivables – credit impaired | | 14.76 | - | - | - | 19.37 | 34.13 |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | 13.90 | 22.52 | 36.42 |
| Unbilled Receivables | - | - | - | - | - | - | 69.14 |
| **Total** | **1,436.06** | **545.99** | **2.00** | **2.56** | **21.40** | **41.89** | **2,119.04** |
| Expected loss rate | 0.24% | 2.47% | 55.50% | 83.59% | 95.70% | 100.00% | |
| **Loss allowance provision** | **3.51** | **13.48** | **1.11** | **2.14** | **20.48** | **41.89** | **82.61** |

10 **Cash and bank balances**

| | | As at | |
|---|---|---|---|
| | | **31 March 2023** | **31 March 2022** |
| A | **Cash and cash equivalents** | | |
| | Balances with banks | | |
| | -In current accounts | 356.65 | 765.41 |
| | -Fixed deposits (Original maturity period less than 3 months) | 0.17 | 1,305.84 |
| | Cash on hand | 0.11 | 0.69 |
| | | **356.93** | **2,071.94** |
| B | **Bank balances other than (A) above** | | |
| | Deposits with remaining maturity for less than 12 months | 796.87 | 1,277.86 |
| | Margin money deposits with banks (refer note below) | 6.34 | 6.70 |
| | | **803.21** | **1,284.56** |

As at 31 March 2023, the Company had ₹6.34 (31 March 2022: ₹6.70) margin money deposits which are subject to first charge to secure the Company's letter of credit and bank guarantee arrangements.

Cash and cash equivalents for the current year includes cash and bank balances of ₹ 1.27 held by Aragen Employees Welfare Trust.

11 **Other assets**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Unsecured, considered good** | | |
| **Non-current** | | |
| Capital advances | 74.64 | 12.71 |
| Prepaid expenses | 10.44 | 3.48 |
| | **85.08** | **16.19** |
| **Current** | | |
| Advance for expenses | 47.69 | 61.34 |
| Balances with government authorities* | 748.08 | 598.55 |
| Prepaid expenses | 106.21 | 77.55 |
| Employee advances | 3.56 | 1.23 |
| Share issue expenses (refer note below) | 78.68 | - |
| | **984.22** | **738.67** |

*includes deposits paid under protest of ₹ 6.22 (31 March 2022: ₹ 5.35)

Note: The Company is in the process of filing Draft Red Herring Prospectus with SEBI in connection with the proposed Initial Public Offer ('IPO') of equity shares by way of fresh issue and an offer for sale by the existing shareholders. Accordingly, expenses incurred by the Company aggregating to ₹ 78.68 in connection with filing of Draft Red Herring Prospectus have been shown under "other current assets" as it shall be partly recovered from the existing shareholders (as per the offer agreement) and partly to be adjusted towards the securities premium.

No other assets are due from directors or other officers of the Company either severally or jointly with any other person.

## 12 Equity share capital

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | **Number** | **Amount** | **Number** | **Amount** |
| **Authorized** | | | | |
| Equity shares of ₹10 each | 14,20,00,000 | 1,420.00 | 11,50,00,000 | 1,150.00 |
| On account of composite scheme of arrangement (refer note 42) | - | - | 2,70,00,000 | 270.00 |
| Increase during the year | 10,80,00,000 | 1,080.00 | - | - |
| | **25,00,00,000** | **2,500.00** | **14,20,00,000** | **1,420.00** |
| **Issued, subscribed and fully paid-up** | | | | |
| Equity shares of ₹10 each | 6,81,38,063 | 681.38 | 6,81,38,063 | 681.38 |
| Add:Bonus shares issued during the year (refer note (e) below) | 13,62,76,126 | 1,362.76 | - | - |
| | **20,44,14,189** | **2,044.14** | **6,81,38,063** | **681.38** |

**(a) Reconciliation of equity shares outstanding at the beginning and end of the reporting year**

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | **Number** | **Amount** | **Number** | **Amount** |
| Balance at the beginning of the year | 6,81,38,063 | 681.38 | 6,69,82,452 | 669.82 |
| Shares issued during the year | - | - | 11,55,611 | 11.56 |
| Bonus shares issued during the year (refer note (e) below) | 13,62,76,126 | 1,362.76 | - | - |
| **Balance at the end of the year** | **20,44,14,189** | **2,044.14** | **6,81,38,063** | **681.38** |

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company**

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | **Number of shares** | **% of holding** | **Number of shares** | **% of holding** |
| **Equity shares of ₹10 each fully paid** | | | | |
| Gunupati Aparna Reddy (as a Trustee of Reddy Investment Trust) | 6,88,95,609 | 33.70% | 2,20,56,824 | 32.37% |
| Mr. Davinder Singh Brar | 4,96,64,913 | 24.30% | 1,63,93,860 | 24.06% |
| WSCPVIII (Singapore) Pte. Ltd. | 4,76,05,242 | 23.29% | 1,11,41,008 | 16.35% |
| Madhubani Investments Private Limited | 1,92,30,696 | 9.41% | 64,10,232 | 9.41% |
| WSCPVIII Emp (Singapore) Pte. Ltd. | 85,69,308 | 4.19% | 46,99,518 | 6.90% |
| Goldman Sachs Capital Holdings III Pte. Ltd | 66,15,072 | 3.24% | 51,59,708 | 7.57% |

The Shareholding pattern of the Company changed pursuant to the issue of bonus shares during the year ended 31 March 2023 (Refer note (e)) and due to composite scheme of arrangement during the year ended 31 March 2022 (Refer note 42)

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(d) Shareholding of promoters/promoters group**

| | As at 31 March 2023 | | As at 31 March 2022 | | % Change during the year |
|---|---|---|---|---|---|
| | **No. of Shares** | **% of total shares** | **No. of Shares** | **% of total shares** | |
| Mr. Davinder Singh Brar | 4,96,64,913 | 24.30% | 1,63,93,860 | 24.06% | 0.24% |
| Gunupati Aparna Reddy (as a Trustee of Reddy Investment Trust) | 6,88,95,609 | 33.70% | 2,20,56,824 | 32.37% | 1.33% |
| Gunupati Aparna Reddy (as a Trustee of Reddy Family Trust) | - | - | 9,08,379 | 1.33% | -1.33% |
| Madhubani Investments Private Limited | 1,92,30,696 | 9.41% | 64,10,232 | 9.41% | 0.00% |
| Mr. Anandbir Singh Brar | - | - | 1,61,111 | 0.24% | -0.24% |

**(e) Issue of bonus shares**

Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on the 25 January 2023 and at the extraordinary general meeting held on 27 January 2023, the members of the Company have approved issue of bonus shares to the existing shareholders of the Company in the ratio of two bonus equity shares of ₹10 each credited as fully paid-up for every equity share of ₹10 each held by the members by capitalising such sums standing to the credit of securities premium and free reserves such as capital redemption reserve, general reserve and retained earnings of the Company. Accordingly, 136,276,126 equity shares of ₹10 each were allotted on 29 January 2023 pursuant to the above plan vide adjustment to the balance of securities premium and free reserves as at the date of issue.

The Company has not issued any bonus shares during the past five years other than those disclosed above.

**12 Equity Share capital** (continued)

**(f) Shares reserved for issue under employee stock option scheme (ESOP)**

**Aragen Employee Stock Option Scheme 2007:**

Pursuant to special resolution passed by the members of the Company during their meeting held on the 21 April 2006, the Board of Directors of the Company instituted an Employee Stock Option Plan 'ESOP-2007' with a pool of 450,000 stock options. The said stock options would be granted to the eligible employees, duly identified by the Compensation Committee of the Board of Directors, in various tranches. Each option comprises of one underlying equity share of ₹10 each. The options so granted are subject to progressive vesting over a period of four years from the date of grant on an annual basis in the proportion of 20%, 20%, 30% and 30%, respectively, and can be exercised within a period of 5 years from the date of vesting in the event of Company being listed or the same can be exercised within 5 years from the date of listing or such other early period and such number as determined by Board of Directors of the Company from time to time. Further, the board of directors vide resolution dated 16 March 2017, agreed to issue 3 bonus ESOP's for each ESOP held. Accordingly, adjustments have been made in respect of exercise price and number of ESOP's. Further, the board of directors vide resolution dated 25 January 2023, agreed to issue 2 bonus ESOP's for each ESOP held. Accordingly, adjustments have been made in respect of exercise price and number of ESOP's.

The Company has accounted for employee deferred compensation expense using fair value method for options granted at a price lower than the market values.

Changes in number of shares representing stock options outstanding as at 31 March 2023 were as follows:

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** |
| Outstanding at beginning of the year* | 11,25,000 | 12.72 | 3.33 to 56.67 | 34,54,164 | 24.89 | 3.33 to 66.67 |
| Granted during the year | - | - | - | - | - | - |
| Forfeited during the year | - | - | - | - | - | - |
| Exercised during the year | - | - | - | 23,29,164 | 30.77 | 10.00 to 66.67 |
| Outstanding at end of the year | 11,25,000 | 12.72 | 3.33 to 56.67 | 11,25,000 | 12.72 | 3.33 to 56.67 |
| Exercisable at the end of the year | 11,25,000 | 12.72 | 3.33 to 56.67 | 11,25,000 | 12.72 | 3.33 to 56.67 |

*Previous year details are adjusted for Bonus issue

**Aragen Employee Stock Option Plan 2017:**

Pursuant to special resolution passed by the members of the Company during their meeting held on the 24 May 2017, the Board of Directors of the Company instituted an Employee Stock Option Plan 'ESOP-2017' with a pool of 2,000,000 stock options. The said stock options would be granted to the eligible employees, duly identified by the Compensation Committee of the Board of Directors, in various tranches. Each option comprises of one underlying equity share of ₹10 each issued directly by the company or transfer through the trust. The options so granted shall vest within not earlier than one (1) year and not more than four years, and can be exercised in the event of Company being listed or at such times and under other conditions as determined by Board of Directors of the Company set forth in the Grant Letter. The vesting period for the grants during the year are 20%, 25%, 25% and 30%. Further, the board of directors vide resolution dated 25 January 2023, agreed to issue 2 bonus ESOP's for each ESOP held. Accordingly, adjustments have been made in respect of exercise price and number of ESOP's.

Changes in number of shares representing stock options outstanding as at 31 March 2023 were as follows:

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** |
| Outstanding at beginning of the year* | 24,07,332 | 122.98 | 78.47 to 234.00 | 31,32,291 | 104.73 | 78.47 to 234.00 |
| Granted during the year | - | - | - | 4,13,160 | 143.18 | 78.47 to 234.00 |
| Forfeited during the year | - | - | - | 450 | 78.47 | 78.47 |
| Exercised during the year | - | - | - | 11,37,669 | 80.08 | 78.47 to 132.00 |
| Outstanding at end of the year | 24,07,332 | 122.98 | 78.47 to 234.00 | 24,07,332 | 122.98 | 78.47 to 234.00 |
| Exercisable at the end of the year | 18,36,735 | 161.18 | 78.47 to 234.00 | 13,76,478 | 83.96 | 78.47 to 132.00 |

*Previous year details are adjusted for Bonus issue

**Aragen Employee Stock Option Plan 2022:**

Pursuant to special resolution passed by the members of the Company during their meeting held on the 02 December 2022, the Board of Directors of the Company instituted an Employee Stock Option Plan 'ESOP-2022' with a pool of 3,600,000 stock options. The said stock options would be granted to the eligible employees, duly identified by the Board/ Nomination and Remuneration Committee of the Board of Directors, in various tranches. Each option comprises of one underlying equity share of ₹10 each issued directly by the Company or transfer through the Employees Welfare Trust of the Company. The options so granted shall vest within not earlier than one (1) year and not more than four years, and can be exercised in the event of Company being listed or at such times and under other conditions as determined by Board of Directors of the Company set forth in the Grant Letter. The vesting period for the grants during the year is one year from the date of grant.

Changes in number of shares representing stock options outstanding as at 31 March 2023 were as follows:

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** |
| Outstanding at beginning of the year* | - | - | - | - | - | - |
| Granted during the year | 4,09,040 | 10.00 | 10.00 | - | - | - |
| Forfeited during the year | 53,455 | 10.00 | 10.00 | - | - | - |
| Exercised during the year | - | - | - | - | - | - |
| Outstanding at end of the year | 3,55,585 | 10.00 | 10.00 | - | - | - |
| Exercisable at the end of the year | - | - | - | - | - | - |

**12 Equity Share capital** (continued)

The fair value of options was estimated at the date of grant using the Black-Scholes-Merton method with the following assumptions:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Risk free interest rate | 6.76% | 5.46% |
| Remaining contractual life | 0.32 | 0.58 |
| Expected life of share options (years) | 1 year | 0-4 years |
| Expected volatility (%) | 28.38% | 19.94% |
| Expected dividend yield (%) | 0.00% | 0.00% |

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The Management has considered the benchmark with listed Company with similar industry to determine the volatility %.

**(g)** During the 5 years ended 31 March 2023 (31 March 2022: Nil), the company has not bought back any shares

**(h)** During the 5 years ended 31 March 2023 (31 March 2022: Nil) no shares were allotted as fully paid up pursuant to contract without payment being received in cash.

**13 Other equity**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Securities premium** | | |
| Balance at the beginning of the year | 391.33 | 185.81 |
| Add: Received on exercise of ESOPs | - | 205.52 |
| Less: Utilised for bonus issue | (391.33) | - |
| **Balance at the end of the year** | **-** | **391.33** |
| **Treasury shares** | | |
| Balance at the beginning of the year | (143.80) | (145.78) |
| Add: Shares disposed during the year | - | 1.98 |
| Add: On account of consolidation of Aragen Employees Welfare Trust | (3.07) | - |
| **Balance at the end of the year** | **(146.87)** | **(143.80)** |
| **Capital reserve** | | |
| Balance at the beginning and end of the year | (462.02) | (234.17) |
| Add: On account of composite scheme of arrangement (refer note 42) | - | (227.85) |
| **Balance at the end of the year** | **(462.02)** | **(462.02)** |
| **General reserve** | | |
| Balance at the beginning of the year | 211.05 | 211.05 |
| Less: Utilised for bonus issue | (211.05) | - |
| **Balance at the end of the year** | **-** | **211.05** |
| **Retained earnings** | | |
| Balance at the beginning of the year | 9,319.11 | 7,403.71 |
| Add: On account of consolidation of Aragen Employees Welfare Trust | 12.64 | - |
| Add: Net profit for the year | 2,519.19 | 2,109.78 |
| Add/(Less): Other comprehensive income net of tax | (25.16) | 5.62 |
| Less: Transfer to Debenture redemption reserve | - | (200.00) |
| Less: Dividends paid | (597.29) | - |
| Less: Utilised for bonus issue | (757.02) | - |
| **Balance at the end of the year** | **10,471.47** | **9,319.11** |
| **Effective portion of cash flow hedge** | | |
| Balance at the beginning of the year | 107.83 | 103.05 |
| Add/(Less): Other comprehensive income net of tax | (215.49) | 4.78 |
| **Balance at the end of the year** | **(107.66)** | **107.83** |
| **Share based payment reserve** | | |
| Balance at the beginning of the year | 121.66 | 106.14 |
| Add: Gross compensation for stock options granted during the year | 49.01 | 69.85 |
| Less: Transfer to share premium on account of exercise of options | - | (54.33) |
| Add: Contribution towards employees of Subsidiary | 3.19 | - |
| **Balance at the end of the year** | **173.86** | **121.66** |
| **Capital redemption reserve** | | |
| Balance at the beginning of the year | 3.36 | 3.36 |
| Less: Utilised for bonus issue | (3.36) | - |
| **Balance at the end of the year** | **-** | **3.36** |
| **Debenture redemption reserve** | | |
| Balance at the beginning of the year | 200.00 | - |
| Add: Appropriations during the year | - | 200.00 |
| **Balance at the end of the year** | **200.00** | **200.00** |
| **Total other equity** | **10,128.78** | **9,748.52** |

**Nature and purpose of reserves**

**Securities premium**

The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve will be utilised in accordance with the provisions of the Companies act 2013.

**Retained earnings**

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends / issue of bonus shares to its equity shareholders. The amount also includes retained earnings of Aragen Employees Welfare Trust.

**Treasury shares**

Represents equity shares of the Company held by the controlled trusts.

**Capital reserve**

Represents reserve created on merger of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) and Inogent Laboratories Private Limited and on merger of GVK Davix Technologies Private Limited.

**General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**Share based payment reserve**

The share-based payment reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of lapse of options, the balance is transferred to general reserve.

**Effective portion of cash flow hedge**

This reserve represents the cumulative effective portion of change in fair value of derivatives that are designated as cash flow hedges. It will be reclassified to Profit and Loss account in accordance with the company's accounting policy.

**Capital redemption reserve**

Represents the nominal value of shares bought back by GVK Davix Technologies Private Limited, the erstwhile Parent Company. Refer note 42

**Debenture redemption reserve**

The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 10% of the value of debentures issued.

**13 Other equity (Continued)**

**(a) Distribution made and proposed**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Dividend on equity shares declared and paid:** | | |
| Final equity dividend for the year ended 31 March 2022: ₹ 8.64 per share (31 March 2021: ₹ Nil per share)* | 597.29 | - |
| **Total** | **597.29** | **-** |
| **Proposed dividends on equity shares#:** | | |
| Proposed final equity dividend for the year ended 31 March 2023: ₹ 2.65 per share (31 March 2022: ₹ 8.64 per share) | 541.70 | 588.71 |
| | **541.70** | **588.71** |

# Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March

* Includes an amount of ₹ 15.49 declared and paid by GVK Davix Technologies Private Limited the erstwhile Holding Company which was merged pursuant to the scheme of arrangement and further excludes the dividend relating to shares held by Aragen Employees Welfare Trust ₹ 6.91 (31 March 2022: ₹ Nil)

**(b) Treasury Shares**

| | **No. of shares** | **Amount** |
|---|---|---|
| **As at 01 April 2021** | **(8,02,452)** | **(145.78)** |
| Add: Shares disposed during the year | 3,000 | 1.98 |
| **As at 31 March 2022** | **(7,99,452)** | **(143.80)** |
| Add: On account of consolidation of Aragen Employees Welfare Trust | - | (3.07) |
| **As at 31 March 2023** | **(7,99,452)** | **(146.87)** |

**14 Borrowings**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Non-current borrowings** | | |
| Secured term loans from Banks | | |
| - Foreign currency (refer note (i)) | 131.80 | 282.69 |
| - Indian rupee (refer note (i)) | 2,296.88 | 2,575.00 |
| 7.75% Non-convertible Redeemable Debentures | 1,987.05 | 1,980.84 |
| Less: Current maturities of long-term borrowings | (856.81) | (439.66) |
| | **3,558.92** | **4,398.87** |
| **Current borrowings** | | |
| Secured loans from banks | | |
| Foreign currency packing credit and buyers credit (refer Note (ii)) | 565.46 | 333.66 |
| Current maturities of long-term borrowings | 856.81 | 439.66 |
| Unsecured loans from related parties | - | 32.35 |
| | **1,422.27** | **805.67** |
| **Total Borrowings** | **4,981.19** | **5,204.54** |

**Note (i)**

**a) Details of security of long term borrowings:**

The above facilities are duly secured by:

**Foreign currency term loans**

(i) ECB Loan from CITI Bank of ₹ 131.80 (31 March 2022: ₹282.69) has exclusive charge on Property plant & equipment of the plant located at Plot No.94, Lemerthi (V), Ramky SEZ, Parawada, Vishakhapatnam with minimum asset cover of 1.25x.

**Indian rupee term loans**

(i) Term loans of ₹ 478.13 (31 March 2022: ₹ 500.00) from Kotak Mahindra Bank Limited are secured by exclusive charge on Property plant & equipment, movable CWIP excluding immovable property at Nacharam and Bangalore facility with minimum asset cover of 1.25x.
(ii) Term loans of ₹ 468.75 (31 March 2022: ₹ 500.00) from Citi Bank are secured by a exclusive charge on Property plant & equipment of the plant located at Plot No.94, Lemerthi (V), Ramky SEZ, Parawada, Vishakhapatnam with minimum asset cover of 1.25x.
(iii) Term loans of ₹ 300.00 (31 March 2022: ₹400.00) from Federal Bank Limited are secured by first charge on Property plant & equipment excluding immovable property at Mallapur unit with minimum asset cover of 1.25x.
(iv) Term loans of ₹ 562.50 (31 March 2022: ₹ 675.00) from Kotak Mahindra Bank Limited are secured by exclusive charge on Property plant & equipment excluding immovable property at Nacharam facility with minimum asset cover of 1.25x.
(v) Term loans of ₹ 487.50 (31 March 2022: ₹500.00) from Kotak Mahindra Bank Limited are secured by exclusive charge on Property plant & equipment, movable CWIP excluding immovable property at Nacharam and Bangalore facility with minimum asset cover of 1.25x.

**7.75% Non-convertible Redeemable Debentures**

7.75% Non-convertible debentures of ₹1,987.05 (31 March 2022: ₹1,980.84) are issued on private placement by the Company. Such debentures are secured by first charge on Property plant & equipment, movable CWIP including immovable property at Mallapur unit with minimum asset cover of 1.25x.

**b) Terms of repayment of long-term borrowings:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Within 1 year | 856.81 | 439.66 |
| 1 - 2 years | 2,499.54 | 846.55 |
| 2 - 5 years | 1,059.38 | 3,439.82 |
| > 5 years | - | 112.50 |
| | **4,415.73** | **4,838.53** |

**c)** The foreign currency loans carries an annual interest rate in the range of 2.46% - 6.31% (31 March 2022: 1.90% - 3.80%) and is repayable in quarterly instalments as agreed. Indian Rupee loans carry an annual fixed rate of interest in the range of 7.00% - 7.75% (31 March 2022: 7.00% - 7.75%) and is repayable in quarterly/half yearly/tri-annually instalments as agreed.

**14 Borrowings (Continued)**

**Note (ii)**

Foreign currency packing credit and buyers' credit are repayable over a period of three to six months and are secured against first charge on current assets. These loans carry an annual interest rate in the range of 0.74% to 6.18% (31 March 2022: 0.80% to 2.25%) per annum.

**Loan covenants**

Bank loans contain certain debt covenants relating to limitation on indebtness, debt equity ratio, net borrowings to Earnings before interest, taxes, depreciation, amortization (EBITDA) ratio, interest service coverage ratio and debt service coverage ratio. The Company has satisfied all debt covenants prescribed in the terms of bank loan.

**Note (iii)**

**Change in liabilities arising from financing activities**

| | Liabilities from financing activities | | | |
|---|---|---|---|---|
| | **Non-current borrowings** | **Current borrowings** | **Interest accrued*** | **Total** |
| **As at 31 March 2021** | **1,680.84** | **788.70** | **31.00** | **2,500.54** |
| Cash flows | 3,168.36 | (419.29) | - | 2,749.07 |
| Foreign exchange adjustments | (10.67) | (3.40) | - | (14.07) |
| Interest expense | - | - | 207.23 | 207.23 |
| Interest paid | - | - | (179.46) | (179.46) |
| **As at 31 March 2022** | **4,838.53** | **366.01** | **58.77** | **5,263.31** |
| Cash flows | (405.89) | 198.43 | - | (207.46) |
| Foreign exchange adjustments | (16.91) | 1.02 | - | (15.89) |
| Interest expense | - | - | 350.93 | 350.93 |
| Interest paid | - | - | (334.49) | (334.49) |
| **As at 31 March 2023** | **4,415.73** | **565.46** | **75.21** | **5,056.40** |

* Includes Interest accrued on MSME dues ₹4.45 (31 March 2022: ₹5.45) and excludes interest on lease liabilities ₹18.83 (31 March 2022: ₹20.34).

**Note (iv) Sensitivity:**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates

| | | Impact on profit after tax | |
|---|---|---|---|
| | **Change in Rate** | **31 March 2023** | **31 March 2022** |
| Foreign currency loans | | | |
| | Increase by 1% | (5.22) | (4.61) |
| | Decrease by 1% | 5.22 | 4.61 |
| INR Loans | | | |
| | Increase by 1% | (32.06) | (34.09) |
| | Decrease by 1% | 32.06 | 34.09 |

## 15 Provisions

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Non-current** | | |
| Provision for employee benefits | | |
| -Gratuity (refer note 23) | 198.23 | 154.54 |
| | **198.23** | **154.54** |
| **Current** | | |
| Provision for employee benefits | | |
| -Gratuity (refer note 23) | 34.00 | 13.98 |
| -Compensated absences | 75.37 | 48.40 |
| | **109.37** | **62.38** |

## 16 Trade payables

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Trade payables | | |
| - related parties (refer note 36(c)) | 54.77 | 64.47 |
| -Total outstanding dues of micro and small enterprises | 120.91 | 128.62 |
| -Total outstanding dues of creditors other than micro and small enterprises | 914.73 | 1,062.44 |
| | **1,090.41** | **1,255.53** |

(a) Trade payables are non-interest bearing and are normally settled on 0-90 day terms.

(b) Information about the companies exposure to foreign currency risks, liquidity risk and fair value measurement is included in note 30.

**Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006('MSMED Act')**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| (i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year | | |
| - Principal amount due to micro and small enterprise | 120.91 | 128.62 |
| - Interest due on above | 0.41 | 0.43 |
| (ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | 999.12 | 697.18 |
| (iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of the accounting year | 4.45 | 5.45 |
| (v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006 | 34.97 | 30.52 |

Due 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.

**Trade payables ageing schedule as at 31 March 2023:**

| **Particulars** | **Outstanding for following periods from due date of payment** | | | | | **Total** |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| (i) MSME | 67.13 | 47.10 | 0.97 | 0.95 | 4.76 | 120.91 |
| (ii) Others | 334.08 | 285.87 | 16.62 | 16.03 | 8.69 | 661.29 |
| (iii) Disputed dues-MSME | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - |
| (v) Accrued for expenses | - | - | - | - | - | 308.21 |
| | **401.21** | **332.97** | **17.59** | **16.98** | **13.45** | **1,090.41** |

**16 Trade payables (continued)**

**Trade payables ageing schedule as at 31 March 2022:**

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 79.22 | 42.37 | 0.84 | 0.61 | 5.58 | 128.62 |
| (ii) Others | 340.83 | 363.56 | 4.58 | 3.97 | 3.24 | 716.18 |
| (iii) Disputed dues-MSME | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - |
| (v) Accrued for expenses | - | - | - | - | - | 410.73 |
| | **420.05** | **405.93** | **5.42** | **4.58** | **8.82** | **1,255.53** |

**17 Other financial liabilities**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **(Unsecured, considered good)** | | |
| **Current** | | |
| **At amortised cost** | | |
| Creditors for capital expenditure | 546.65 | 320.69 |
| Creditors for expenses | 4.93 | 4.53 |
| Dues to employees | 250.69 | 267.93 |
| Refundable deposits | 1.56 | 1.56 |
| Liability towards Share Purchase agreement | - | 507.00 |
| Derivative instruments: (Refer note 7) | | |
| -Foreign exchange forward contracts used for hedging | 143.86 | - |
| -Other Foreign exchange forward contracts | 63.39 | 10.26 |
| Interest accrued but not due on borrowings | 75.21 | 58.77 |
| Dividend received on behalf of Shareholders | - | 227.11 |
| | **1,086.29** | **1,397.85** |

(a) Information about company's exposure to liquidity and currency risk is included in note 30.

**18 Other current liabilities**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Advances received from customers (refer note 19) | 201.39 | 517.58 |
| Liability towards Corporate Social Responsibility (refer note below) | 21.51 | 20.63 |
| Statutory liabilities | 66.96 | 51.38 |
| | **289.86** | **589.59** |

Note: Includes an amount of ₹ 2.12 (31 March 2022: ₹ Nil) payable towards related party. Refer note 36(c) for further details.

## 19 Revenue from operations

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Sale of goods:** | | |
| - Pharmaceutical Products Sales | 4,735.28 | 3,760.68 |
| | **4,735.28** | **3,760.68** |
| **Revenue from services:** | | |
| - Contract research services | 10,767.10 | 8,542.29 |
| Other operating revenues | 97.27 | 56.71 |
| | **15,599.65** | **12,359.68** |

Revenues from Contracts with Customers establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognising revenue when or as performance obligations are satisfied.

In relation to information about the Company's performance obligations in contracts with customers refer note 2(f). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹52.22 (31 March 2022: ₹56.58) out of which 100% is expected to be recognised as revenue in the next year. No consideration from contracts with customers is excluded from the amount mentioned above.

**(a) Information about products and services**

The Company deals in different types of products and services

| | **Timing of recognition (Over the period / Point in time)** | For the year ended | |
|---|---|---|---|
| | | **31 March 2023** | **31 March 2022** |
| Sale of goods | Point in time | 4,735.28 | 3,760.68 |
| Sale of services | Over the period | 10,767.10 | 8,542.29 |
| **Total** | | **15,502.38** | **12,302.97** |

**(b) Contract balances:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Trade receivables | 2,859.91 | 2,036.43 |
| Contract assets | 46.37 | - |
| Contract liabilities - Customer advances | 201.39 | 517.58 |

**Disaggregated Revenue Information**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Revenues from services and sale of goods by geography** | | |
| North America | 9,255.25 | 6,640.28 |
| Europe | 3,990.28 | 2,941.09 |
| India | 393.69 | 798.05 |
| Others | 1,863.16 | 1,923.55 |
| | **15,502.38** | **12,302.97** |
| **Revenue from other sources** | | |
| Other operating revenues | 97.27 | 56.71 |
| **Total Revenue from operations** | **15,599.65** | **12,359.68** |

Geographical revenue is allocated based on the location of the customers.

**Reconciliation of revenue with contract price**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Contract price (refer note 7 (ii)) | 15,508.78 | 12,332.22 |
| Less : Discounts | 6.40 | 29.25 |
| **Revenue from operations** | **15,502.38** | **12,302.97** |

**Changes in Contract liabilities - advances from customers**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Balance at the beginning of the year | 517.58 | 268.78 |
| Movement during the year on account of transactions in Revenue | (316.19) | 248.80 |
| Balance at the end of the year | **201.39** | **517.58** |

**20 Other income**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Interest income on fixed deposits | 99.19 | 58.32 |
| Liabilities no longer required written back | 41.13 | 30.28 |
| Foreign exchange fluctuations, net | 15.11 | 35.83 |
| Other non-operating income | 52.33 | 44.57 |
| Income from financial guarantee | 3.12 | 2.45 |
| Interest income on deposits and loans | 2.74 | 2.33 |
| | **213.62** | **173.78** |

**21 Cost of materials consumed**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Inventory at the beginning of the year | 329.41 | 284.67 |
| Add: Purchases of raw materials | 1,638.98 | 2,034.97 |
| | **1,968.39** | **2,319.64** |
| Less: Inventory at the end of the year | 283.75 | 329.41 |
| | **1,684.64** | **1,990.23** |

**22 Changes in inventories of work-in-progress and finished goods**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Opening Stock | | |
| Finished goods | 81.97 | 8.18 |
| Work-in-progress | 442.76 | 262.74 |
| Closing Stock | | |
| Finished goods | 20.59 | 81.97 |
| Work-in-progress | 182.62 | 442.76 |
| | **321.52** | **(253.81)** |

**23 Employee benefits expense**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Salaries, wages and bonus | 3,305.89 | 2,638.24 |
| Employee stock compensation expenses (refer note 12) | 49.01 | 69.85 |
| Contribution to provident and other funds (note a) | 126.86 | 91.66 |
| Gratuity and compensated absences (note b) | 95.09 | 63.90 |
| Staff welfare expenses | 134.47 | 105.74 |
| | **3,711.32** | **2,969.39** |

**a. Defined contribution plan**

During the year ended 31 March 2023, the Company has contributed ₹101.86 (31 March 2022: ₹72.44) to provident fund, ₹8.38 (31 March 2022: ₹7.10) towards employee state insurance fund and ₹16.62 (31 March 2022: ₹12.12) towards National Pension Scheme.

**b. Defined benefit plan**

The Company has a funded defined plan, viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

**23 Employee benefits expense** (continued)

**Changes in present value of defined benefit obligation:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Defined benefit obligation at beginning of the year | 169.09 | 151.17 |
| Current service cost | 35.44 | 31.63 |
| Interest cost | 11.49 | 10.02 |
| Benefits paid | (17.09) | (16.04) |
| Actuarial (Gain)/loss on obligation | 33.40 | (7.69) |
| Defined benefit obligation at end of the year | **232.33** | **169.09** |

**The fair value of defined benefit plan assets are as follows:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Fair Value of Plan Assets at the beginning of the year | **0.57** | **7.35** |
| Add: Contributions during the year | - | - |
| Add: Interest Income on Plan assets | 0.05 | 0.51 |
| Add: Return on plan assets (excl. interest income) | (0.05) | (0.29) |
| Less: Benefit refund to be received by the company | - | (0.39) |
| Less: Benefits paid from the plan during the year | (0.47) | (6.61) |
| **Fair Value of Plan Assets at the end of the year** | **0.10** | **0.57** |

**Reconciliation of present value of obligation and fair value of plan assets**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Present value of defined benefit obligation | 232.33 | 169.09 |
| Fair value of plan assets at the end of the year | (0.10) | (0.57) |
| Net liability recognised in the balance sheet | **232.23** | **168.52** |
| **Current & Non-current bifurcation of net liability** | | |
| Current | 34.00 | 13.98 |
| Non-current | 198.23 | 154.54 |
| | **232.23** | **168.52** |

**The amounts recognized in the Statement of Profit and Loss and Other Comprehensive Income are as follows:**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **In Statement of Profit and Loss under "Employee benefits expense"** | | |
| Current service cost | 35.44 | 31.63 |
| Past service cost | - | - |
| Interest cost | 11.49 | 10.02 |
| Return on plan assets | (0.05) | (0.51) |
| | **46.88** | **41.14** |
| **In Statement of Other Comprehensive Income** | | |
| Actuarial (gain)/loss | 33.40 | (7.69) |
| Return on plan assets(excluding Interest Income) | 0.05 | 0.29 |
| | **33.45** | **(7.40)** |
| **Total** | **80.33** | **33.74** |

**The assumptions used in accounting for the gratuity plan are set out as below:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Discount rate | 7.30% | 7.10% |
| Retirement age | 60 years | 60 years |
| Salary escalation | 8.00% | 6.00% |
| Attrition rate (based on grade of employee) | 15% - 20% | 8.00% |
| Mortality rate | IALM (2012-14) Ult. | IALM (2012-14) Ult. |

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. Further, the Company has invested a part of the accrued liability as of 31 March 2023. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards.

The best estimate contribution for the Company during the next year would be ₹34.10

**23 Employee benefits expense** (continued)

**Discount rate:**

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:**

The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

**Plan assets:**

The plan assets comprise of debt and equity securities through a scheme of cash contribution for a scheme of insurance taken with Kotak Mahindra Life Insurance Company Ltd. ('Insurer'), which is a qualified insurer. The details of individual category of investments that comprise of the total plan assets have not been provided by the insurer.

**Impact on defined benefit obligation**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Assumptions** | | |
| Sensitivity level | | |
| - Attrition rate : increase by 1 % | 230.92 | 169.29 |
| - Attrition rate : decrease by 1 % | (233.78) | (168.78) |
| - Salary escalation : increase by 1 % | 244.46 | 182.13 |
| - Salary escalation : decrease by 1 % | (220.89) | (157.38) |
| - Discount rate : increase by 1 % | (221.20) | (156.51) |
| - Discount rate : decrease by 1 % | 244.59 | 183.52 |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The weighted average duration of defined benefit obligation is 5.17 years (31 March 2022: 10.84 years)

Maturity profile of defined benefit obligation

| | **31 March 2023** | **31 March 2022** |
|---|---|---|
| Within 1 year | 34.10 | 13.98 |
| 2 - 5 years | 126.86 | 63.19 |
| 6 - 10 years | 101.17 | 75.61 |
| Above 10 years | 98.93 | - |

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. During the year ended 31 March 2023, the Company has incurred an expense on compensated absences amounting to ₹48.30 (31 March 2022 ₹22.77). The Company determines the expense for compensated absences basis the actuarial valuation based on the Projected Unit Credit Method.

**Code on Social Security, 2020:**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**24 Finance costs**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Interest on borrowings | 333.12 | 178.94 |
| Interest expense on lease liabilities (refer note 3A) | 18.83 | 20.34 |
| Other borrowing cost* | 17.81 | 28.29 |
| | **369.76** | **227.57** |

*Exchange difference to the extent considered as an adjustment to borrowing cost.

**25 Other expenses**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Direct expenses:** | | |
| Consumption of chemicals and spares | 2,343.61 | 1,783.72 |
| Subscription fees | 89.95 | 95.87 |
| Job work charges | 102.11 | 62.58 |
| Other direct expenses | 80.19 | 78.65 |
| **Indirect expenses:** | | |
| Power and fuel | 573.47 | 401.23 |
| Rent | 3.62 | 4.54 |
| Repairs and maintenance | | |
| - Buildings | 43.47 | 31.35 |
| - Machinery | 198.92 | 168.42 |
| - Others | 63.28 | 59.24 |
| Insurance | 44.30 | 34.85 |
| Bank charges | 15.65 | 15.93 |
| Rates and taxes | 39.27 | 28.11 |
| Water charges | 38.46 | 28.26 |
| Communication expenses | 6.22 | 8.18 |
| Office maintenance expenses | 144.54 | 123.44 |
| Travelling and conveyance | 69.43 | 43.41 |
| Consultancy and professional charges (refer note a) | 110.34 | 171.07 |
| Corporate social responsibility expenditure (refer note 39) | 39.90 | 27.52 |
| Printing and stationery | 3.40 | 2.56 |
| Freight outwards | 61.56 | 41.34 |
| Effluent treatment charges | 50.81 | 63.48 |
| Contract services | 118.85 | 107.25 |
| Property Plant and Equipment written-off | - | 0.74 |
| Provision for doubtful receivables | 86.28 | (10.82) |
| Business development expenses | 600.94 | 349.55 |
| Loss on sale of property, plant and equipment, net | 0.44 | 2.08 |
| Miscellaneous expenses | 38.02 | 35.85 |
| | **4,967.03** | **3,758.40** |

**(a) Payments to the auditor**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| -As Auditor | | |
| - statutory audit fee (including fees for undertaking limited reviews) | 5.28 | 5.40 |
| - certification | 1.07 | 0.87 |
| -For reimbursement of expenses | 0.14 | 0.15 |
| -For other matters | - | - |
| | **6.49** | **6.42** |

Note : Above amounts excludes the audit fees of ₹ 18.89 million related to share issue expenses. (refer note 11)

## 26 Tax expense

### A. Tax expense in the statement of profit and loss

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Current tax | 903.05 | 617.95 |
| Deferred tax | (73.12) | 45.82 |
| **Tax expense reported in the statement of profit or loss** | **829.93** | **663.77** |

Entire deferred income tax relates to origination and reversal of temporary differences.

**Tax expense charged to OCI**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Tax related to items in OCI during the year:** | | |
| Deferred tax impact due to remeasurements of Hedging Contracts | (72.47) | 1.61 |
| Current tax impact due to remeasurements of defined benefit plans | (8.29) | 1.78 |
| Tax expense reported in OCI | **(80.76)** | **3.39** |

Entire deferred income tax relates to origination and reversal of temporary differences.

**Reconciliation of effective tax rate**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Tax expense for the year** | **829.93** | **663.77** |
| Profit before tax for the year ended as per statement of profit and loss | 3,349.12 | 2,773.55 |
| Tax at statutory income tax rate 25.17% (31 March 2022-25.17%) | 842.97 | 698.05 |
| **Tax effects of amounts which are not deductible / (taxable) in calculating taxable income** | | |
| Non-deductible expenses for tax purposes | 11.26 | 11.46 |
| Tax incentive and other deductions | (33.53) | (14.78) |
| Others | (5.98) | (28.12) |
| Current tax relating to prior years | 15.21 | (2.84) |
| **Tax expense for the year** | **829.93** | **663.77** |

### B. Non-current tax assets, net

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Advance tax, (net of provision for tax ₹1,555.30) (31 March 2022 ₹1,778.76) (refer note below) | 181.25 | 232.02 |
| | **181.25** | **232.02** |

### C. Current tax liabilities, net

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Provision for tax, (net of advance tax ₹2,331.91) (31 March 2022 ₹1,957.39) (refer note below) | 117.88 | 93.88 |
| | **117.88** | **93.88** |

**Note:**
Includes an amount paid under protest of ₹ 38.51 (31 March 2022: ₹ 38.51)

### D. Deferred tax assets, net

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows: | | |
| **Deferred income tax liabilities** | | |
| Property, plant and equipment | 95.81 | 96.70 |
| Derivative instruments | - | 36.27 |
| Others | 3.54 | 3.53 |
| | **99.35** | **136.50** |
| **Deferred income tax assets** | | |
| Accrued compensation to employees | 74.36 | 52.16 |
| Derivative instruments | 65.37 | - |
| Impairment allowance on trade receivables | 42.51 | 19.65 |
| Statutory bonus | 0.02 | - |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | 18.28 | - |
| Others | 0.68 | 20.28 |
| Leases | 2.78 | 3.47 |
| | **204.00** | **95.56** |
| **Total Deferred tax (liabilities)/assets, net** | **104.65** | **(40.94)** |

**E. Reconciliation of deferred tax assets/ (liabilities) (net):**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Balance at the beginning of the year** | **(40.94)** | **6.49** |
| Tax income/(expense) during the year recognised in profit or loss | 73.12 | (45.82) |
| Tax income/(expense) during the year recognised in OCI | 72.47 | (1.61) |
| **Balance at the end of the year** | **104.65** | **(40.94)** |

**27 Earnings per Equity share (EPES)**

Basic EPS amount are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

The following reflects the income and share data used in the basic EPS computations:

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Profit attributable to equity holders | 2,519.19 | 2,109.78 |
| Weighted average number of equity shares in calculating basic EPS*# | 20,20,15,833 | 20,14,51,113 |
| Nominal value per equity share | ₹ 10 | ₹ 10 |
| **Effect of dilution:** | | |
| - Stock options granted under ESOP# | 26,06,194 | 23,03,490 |
| Weighted average number of equity shares used in computation of diluted EPS* | **20,46,22,027** | **20,37,54,603** |

*The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of theses financial statements.

#Pevious year numbers are adjusted for bonus shares issued during the current year.

| **Earnings per Equity share (EPES)** | **31 March 2023** | **31 March 2022** |
|---|---|---|
| Basic | 12.47 | 10.47 |
| Diluted | 12.31 | 10.35 |

**28 Fair value measurements**

**(i) Breakup of financial assets and financial liabilities carried at amortized cost**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Financial assets** | | |
| - Investments | 2,521.49 | 2,518.30 |
| - Loans | 41.08 | 2.34 |
| - Other financial assets | 286.44 | 499.36 |
| - Trade receivables | 2,859.91 | 2,036.43 |
| - Cash and cash equivalents | 356.93 | 2,071.94 |
| - Bank balances other than cash and cash equivalents | 803.21 | 1,284.56 |
| **Total** | **6,869.06** | **8,412.93** |
| **Financial liabilities** | | |
| - Non-Current Borrowings | 3,558.92 | 4,398.87 |
| - Lease Liability | 184.28 | 235.90 |
| - Current borrowings | 1,422.27 | 805.67 |
| - Trade payables | 1,090.41 | 1,255.53 |
| - Other financial liabilities | 879.04 | 1,387.59 |
| **Total** | **7,134.92** | **8,083.56** |

**(ii) Breakup of financial assets and financial liabilities carried at fair value through profit and loss**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Financial Asset** | | |
| Investments (other than investment in subsidiaries) | 2.03 | 1.83 |
| **Financial Liability** | | |
| Derivative Instruments (refer note 7) | (63.39) | (10.26) |

The Company's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTPL (Fair value through profit and loss) investments and investments in its subsidiaries.

**(iii) Breakup of financial assets and financial liabilities carried at fair value through Other comprehensive income**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Financial Asset** | | |
| Derivative Instruments (refer note 7) | - | 144.10 |
| **Financial Liability** | | |
| Derivative Instruments (refer note 7) | (143.86) | - |

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**29 Significant accounting judgements, estimates and assumptions**

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

**Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**Estimates and assumptions**
The key assumptions concerning the future and other key sources of estimation of uncertainty as at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are: The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes**
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.

**Fair value measurement of financial instruments**
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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**29 Significant accounting judgements, estimates and assumptions** (continued)

**Share-based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 12.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the forecast for future years. These do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognized by the Company.

**Revenue recognition**

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**30 Financial risk management objectives and policies**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and bank balances that derive directly from its operations and also enters into derivative operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior management provides assurance to the Company's Board that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes should be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**30 Financial risk management objectives and policies** (continued)

**(i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises primarily of foreign currency and interest risk. Financial instruments affected by market risk include trade and other receivables and derivatives. The sensitivity analysis in the following sections relate to the position as at 31 March 2023 and 31 March 2022. The sensitivity analysis has been prepared on the basis that the amount of trade and other receivables in foreign currencies and trade payables, borrowings and investments are all constant and on the basis of hedge designations in place at 31 March 2023.

The following assumptions have been made in calculating the sensitivity analysis:

(1) The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2023 and 31 March 2022.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the floating interest rate borrowings. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk. Further, the loans extended by the Company carries a fixed interest rate and therefore not subject to interest rate risk since neither the carrying value nor the future cash flows will fluctuate because of the change in market interest rates.

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding floating rate debt. A major portion of foreign currency debt is linked to international interest rate benchmarks like SOFR and LIBOR. The Company also hedges a major portion of these risks by entering into derivative instruments like interest rate swaps and currency swaps and hence is not exposed to significant interest rate risk. Refer note 14(iv) for interest rate sensitivity analysis.

**(b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The following are the outstanding forward exchange contracts entered into by the Company in foreign currency:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Currency forwards** (Amount in Foreign currency) | | |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (USD in Million) | 185.98 | 178.70 |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (₹ in Million) - at MTM | (145.11) | 144.10 |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (Euro in Million) | 3.00 | - |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (₹ in Million) - at MTM | 1.25 | - |
| Foreign exchange forward contracts designated at FVTPL (Fair value hedge) (USD in Million) | 2.00 | 1.80 |
| Foreign exchange forward contracts designated at FVTPL (Fair value hedge) (₹ in Million) - at MTM | 0.54 | 1.84 |
| Foreign exchange forward contracts designated at FVTPL (Interest rate swaps) (USD in Million) | 10.07 | 16.98 |
| Foreign exchange forward contracts designated at FVTPL (Interest rate swaps) (₹ in Million) - at MTM | (63.93) | (8.57) |

The currency wise exposure is disclosed in note 38 of the standalone financial statements.

**Foreign currency sensitivity**

The following table demonstrate the sensitivity to a reasonably possible change in USD, GBP, Euro as mentioned below, with all other variables held constant. The impact on the Company's profit before tax (PBT) is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Change in USD rate - 5% increase | | |
| - Effect on PBT and equity | 92.96 | 14.99 |
| Change in USD rate - 5% decrease | | |
| - Effect on PBT and equity | (92.96) | (14.99) |
| Change in GBP rate - 5% increase | | |
| - Effect on PBT and equity | 0.43 | (0.00) |
| Change in GBP rate - 5% decrease | | |
| - Effect on PBT and equity | (0.43) | 0.00 |
| Change in Euro rate - 5% increase | | |
| - Effect on PBT and equity | (4.74) | (0.10) |
| Change in Euro rate - 5% decrease | | |
| - Effect on PBT and equity | 4.74 | 0.10 |

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in USD, GBP and Euro, where the functional currency of the entity is a currency other than those currencies. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

**30 Financial risk management objectives and policies** (Continued)

**(ii) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The carrying amount of the Financial assets represents the maximum credit risk exposure.

**Trade receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The Company has a policy of providing for all aged receivables basis the Expected Credit Loss method and specific provision on a case to case basis.
The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the Company's finance team in accordance with the Company's policy. Investments of surplus funds are made only with approved and reputed banks and within credit limits assigned to each bank. The amounts invested and details of relevant banks are reviewed by the Company's Board of directors on annual basis.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

The Company's treasury department is responsible for managing the short-term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by treasury. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The carrying value of the Company's financial liabilities are disclosed in note 3A and note 14, 16 and 17 of the standalone financial statements.
The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **On demand** | | |
| - Financial guarantee | 452.19 | 264.29 |
| - Borrowings | - | 32.35 |
| **Less than 1 year** | | |
| - Borrowings | 1,422.27 | 773.32 |
| - Other financial liabilities | 1,086.29 | 1,397.85 |
| - Trade payables | 1,090.41 | 1,255.53 |
| - Lease liabilities | 86.48 | 95.27 |
| **1 to 2 years** | | |
| - Borrowings | 2,499.54 | 846.55 |
| - Lease liabilities | 64.33 | 76.03 |
| **2 to 5 years** | | |
| - Borrowings | 1,059.38 | 3,439.82 |
| - Lease liabilities | 25.38 | 66.21 |
| **> 5 years** | | |
| - Borrowings | - | 112.50 |
| - Lease liabilities | 317.46 | 319.73 |

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

**Collateral**

The Company has pledged part of its short-term deposits in order to fulfil the collateral requirements for the borrowings availed. At 31 March 2023 and 31 March 2022 the fair values of the short-term deposits pledged were ₹6.34 and ₹6.70 respectively. The counterparties have an obligation to return the securities to the Company. The Company has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

**31 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue bonus shares to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's policy is to keep the gearing ratio in an optimal structure which balances growth and shareholder value. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Borrowings (Note 14) | 4,981.19 | 5,204.54 |
| Trade payables (Note 16) | 1,090.41 | 1,255.53 |
| Other financial liabilities (Note 17) | 1,086.29 | 1,397.85 |
| Lease liabilities (Note 3A) | 184.28 | 235.90 |
| Less: Cash and bank balances (Note 10 and 7)* | (1,260.14) | (3,762.72) |
| **Net debt** | **6,082.03** | **4,331.10** |
| Total equity | 12,172.92 | 10,429.90 |
| **Total equity** | **12,172.92** | **10,429.90** |
| **Gearing ratio** | **0.50** | **0.42** |

* Includes Fixed deposits maturing after 12 months from the balance sheet date.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no material breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

**32 Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

| | | Fair value measurement using | | | |
|---|---|---|---|---|---|
| | Date of Valuation | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023:** | | | | | |
| **Measured at fair value** | | | | | |
| Derivative financial assets / (liabilities) (refer note 7 and note 17) | 31 March 2023 | - | (207.25) | - | (207.25) |
| Investments other than investment in subsidiaries (refer note 5) | 31 March 2023 | 0.01 | - | 2.02 | 2.03 |
| **Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022:** | | | | | |
| **Measured at fair value** | | | | | |
| Derivative financial assets / (liabilities) (refer note 7 and note 17) | 31 March 2022 | - | 133.84 | - | 133.84 |
| Investments other than investment in subsidiaries (refer note 5) | 31 March 2022 | 0.01 | - | 1.82 | 1.83 |

**33 Commitments**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Estimated amount of contracts amounting to be executed on capital account and not provided for (net of advances) | 1,761.69 | 1,115.79 |
| Corporate guarantee extended to subsidiaries | 452.19 | 37.76 |

*The Company has extended comfort letters to provide continued financial support to subsidiary, to ensure that these subsidiaries are able to meet their debts, commitments (including commitments towards investee entities) and liabilities as they fall due and they continue as going concern.

**34 Contingent liabilities**

The Company is subject to legal proceedings and claims before various tax authorities, which have arisen in the ordinary course of business. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Company, as the case may be and therefore timing of cash flows cannot be predicted. The Company engages reputed professional advisors wherever required to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision is required.

Claims against the Company not acknowledged as debts in respect of:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| (a) Income tax matter under dispute | 1,232.33 | 1,231.97 |
| (b) Service tax matter under dispute | 1.89 | 1.89 |
| (c) Central Sales tax matter under dispute | 2.22 | 1.45 |
| (d) Customs matter under dispute | 4.27 | 4.27 |
| (e) Goods and Service tax matter under dispute | 5.25 | - |

In addition to the above, the Company has below mentioned claims/contingent liabilities against the Company:

The Company has received a show cause notice challenging classification of R&D services as export of services for the period from 1 April 2006 to 30 Jun 2017 (tax liability computed by department is ₹2,409.70). The Company has submitted its reply disputing department claim and based on merits of the claim and favourable judgements, the Company has not made any provision in the books.

The Company has an ongoing litigation of certain portion of land in Mallapur which the Company has bought from APIIC. The matter is stayed by the High Court until disposal of appeal at the lower court.

**35 Segment reporting**

In accordance with Ind AS 108 - Operating Segments, segment information is disclosed in the consolidated financial statements of the Company and accordingly no separate segment disclosures have been furnished in these standalone financial statements of the Company.

**36 Related party disclosures**

**(a) Name of related parties and nature of relationship**

| **Names of the related parties** | **Nature of relationship** |
|---|---|
| Aragen Bioscience, Inc. | Wholly-owned Subsidiary Company |
| Aragen Lifesciences B.V. (formerly GVK Biosciences B.V.) | Wholly-owned Subsidiary Company |
| Aragen Foundation | Wholly-owned Subsidiary Company |
| Aragen Employees Welfare Trust *(formerly GVK Bio Employees Welfare Trust)* | Controlled Trust |
| Intox Private Limited | Subsidiary Company |
| Mr. Davinder Singh Brar | Director and Chairman |
| Mr. G V Sanjay Reddy (till 31.01.2023) | Director and Vice-chairman |
| Mr. Manmahesh Kantipudi | Whole-time Director and Chief Executive Officer |
| Mr. Sahajbir Singh Brar (till 10.06.2022) | Director |
| Ms. G Indira Krishna Reddy (till 01.06.2022) | Director |
| Mr. Keshav Gunupati Venkat Reddy | Director |
| Mr. Adam Richard Dawson (w.e.f. 31.05.2021 and till 30.01.2023) | Director |
| Mr. Rajat Sood (w.e.f. 19.05.2021) | Director |
| Mr. Ajay Srivastava (w.e.f. 20.05.2021) | Director |
| Mr. Robert Richard Ruffolo | Independent Director |
| Mr. Gerhard Mayr | Independent Director |
| Ms. Anita Ramachandran (w.e.f. 07.11.2022) | Independent Director |
| Mr. Sachin Anand Dharap | Chief Financial Officer |
| Mr. Ramakrishna Kasturi | Company Secretary |
| Excelra Inc., *(formerly GVK Biosciences Inc.,)* | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. |
| Equal Identity Private Limited | |
| Excelra Knowledge Solutions Private Limited *(formerly GVK Davix Research Private Limited )* | |
| Madhubani Investments Private Limited | |
| Gunupati Aparna Reddy *(as a Trustee of Reddy Investment Trust)* | |
| Gunupati Aparna Reddy *(as a Trustee of Reddy Family Trust)* | |
| Taj GVK Hotels and Resorts Limited | |
| GVK Foundation | |
| Dimensions Corporate Finance Services Private Limited | |
| Srini Pharmaceuticals Private Limited (till 26.12.2022) | |

Key management personnel (KMP)

**(b) Transactions with related parties**

| | **For the year ended** | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Remuneration of KMPs*** | | |
| **Short-term employee benefits** | | |
| Mr. Manmahesh Kantipudi | 68.87 | 54.84 |
| Mr. Sachin Anand Dharap | 29.55 | 18.20 |
| Mr. Ramakrishna Kasturi | 5.48 | 6.96 |
| **Directors remuneration/commission** | | |
| Mr. Gerhard Mayr | 4.93 | 4.53 |
| Mr. Robert Richard Ruffolo | 4.93 | - |
| Mr. Ajay Srivastava | 4.00 | - |
| Ms. Anitha Ramachandran | 1.44 | |
| **Perquisite value of ESOPs exercised during the year** | | |
| Mr. Manmahesh Kantipudi | - | 382.72 |
| Mr. Ramakrishna Kasturi | - | 9.24 |
| Mr. Gerhard Mayr | - | 117.84 |
| **Directors sitting fee** | | |
| Mr. Sahajbir Singh Brar | 0.05 | 0.26 |
| Mr. G V Sanjay Reddy | 0.20 | 0.25 |
| Mr. Davinder Singh Brar | 0.35 | 0.30 |
| Ms. G Indira Krishna Reddy | - | 0.40 |
| Mr. Manmahesh Kantipudi | 0.15 | 0.25 |
| Mr. Ajay Srivastava | 0.40 | 0.35 |
| Mr. Gerhard Mayr | 0.25 | 0.28 |
| Mr. Keshav Gunupati Venkat Reddy | 0.33 | 0.25 |
| Mr. Robert Richard Ruffalo | 0.35 | 0.34 |
| Ms. Anitha Ramachandran | 0.18 | - |

**36 Related party disclosures** (continued)
**(b) Transactions with related parties** (continued)

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Dividend paid during the year** | | |
| Mr. Davinder Singh Brar | 147.69 | - |
| Gunupati Aparna Reddy *(as a Trustee of Reddy Investment Trust)* | 198.32 | - |
| Gunupati Aparna Reddy *(as a Trustee of Reddy Family Trust)* | 7.85 | - |
| Madhubani Investments Private Limited | 58.48 | - |
| Aragen Employees Welfare Trust | 6.91 | - |
| **Unsecured Loans taken during the year** | | |
| Madhubani Investments Private Limited | 7.75 | 11.35 |
| Reddy Investment Trust | 7.75 | 11.35 |
| **Unsecured Loans repaid during the year** | | |
| Mr. Davinder Singh Brar | (0.93) | - |
| Madhubani Investments Private Limited | (23.00) | - |
| Reddy Investment Trust | (23.93) | - |
| **Interest on Loans taken** | | |
| Mr. Davinder Singh Brar | (0.03) | (0.08) |
| Madhubani Investments Private Limited | (0.73) | (0.36) |
| Reddy Investment Trust | (0.75) | (0.17) |
| **Transactions with subsidiary - Aragen Bioscience, Inc.** | | |
| Business Development expenses | (402.40) | (229.18) |
| Pharmaceutical Products Sales | - | 10.88 |
| Revenue from Contract research services | 3.30 | 1.77 |
| Reimbursement of expenses received | - | 0.14 |
| Management Services Provided | 30.64 | 27.78 |
| Reimbursement of expenses | (26.15) | (9.59) |
| Reimbursement of capital expenditure | (27.24) | - |
| Purchases | (15.00) | (3.20) |
| Corporate guarantee income | 3.12 | - |
| **Transactions with subsidiary - Intox Private Limited** | | |
| Revenue from contract research services | 2.29 | - |
| Reimbursement of expenses | 6.18 | - |
| **Transactions with subsidiary – Aragen Lifesciences B.V.** | | |
| Revenue from contract research services | 32.73 | 80.58 |
| Business development expenses | (104.70) | (80.96) |
| **Transactions with entity in which KMP have a significant influence - Excelra Knowledge Solutions Private Limited** | | |
| Shared services provided | 1.37 | 1.35 |
| Rental Income | 0.02 | 0.03 |
| **Transactions with entity in which KMP have a significant influence - Excelra, Inc.** | | |
| Advance received during the year | - | (14.53) |
| **Reimbursement of Expenses relating to Sale of shares** | | |
| Mr. Davinder Singh Brar | - | 2.13 |
| Reddy Investment Trust | - | 2.13 |
| **Transactions with entity in which KMP have a significant influence - Srini Pharmaceuticals Private Limited** | | |
| Job work Charges | (14.25) | (18.64) |
| **Transactions with controlled trust - Aragen Employees welfare trust** | | |
| Reimbursement of expenses | - | 0.35 |
| Reimbursement of expenses relating to Sale of shares | - | 0.52 |
| **Transactions with entity in which KMP have a significant influence - Dimensions Corporate Finance Services Private Limited** | | |
| Consultancy services | (2.60) | (29.10) |
| Reimbursement of expenses | (0.23) | (0.29) |
| **Transactions with entity in which KMP have a significant influence - Taj GVK Hotels and Resorts Limited** | | |
| Hotel expenses | (4.94) | (0.68) |

**(b) Transactions with related parties** (continued)

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Transactions with entity in which KMP have a significant influence - GVK Foundation** | | |
| Corporate social responsibility expenditure | - | (0.42) |
| **Transactions with subsidiary – Aragen Foundation** | | |
| Investment in Equity Shares | - | 0.10 |
| Corporate social responsibility expenditure | 22.92 | - |
| **Transactions with entity in which KMP have a significant influence - Equal Identity Private Limited** | | |
| Consultancy Services | (0.48) | - |

*The managerial personnel are covered by the Company's gratuity policy and are eligible for leave encashment along with other employees of the Company. The proportionate amount of gratuity and leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are determined on an actuarial basis for the Company as a whole.

**(c) Balances receivable/(payable)**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Excelra Inc., (formerly GVK Biosciences Inc.,) | 15.75 | 14.48 |
| GVK Biosciences, Inc. (Advance received) | - | (14.53) |
| Excelra Knowledge Solutions Private Limited | 1.40 | 1.37 |
| Aragen Foundation | (2.12) | - |
| Aragen Lifesciences B.V. | 4.04 | 13.93 |
| Aragen Lifesciences B.V. | (8.57) | (29.28) |
| Aragen Lifesciences B.V.- Loans granted (net off provision)* | 41.08 | - |
| Aragen Bioscience, Inc. | 26.47 | 7.15 |
| Aragen Bioscience, Inc. | (43.08) | (25.92) |
| Srini Pharmaceuticals Private Limited | - | (2.56) |
| Taj GVK Hotels and Resorts Limited | (3.12) | (0.06) |
| Dimensions Corporate Finance Services Private Limited | - | (6.64) |
| Mr. Davinder Singh Brar | (0.05) | (0.97) |
| Mr. G V Sanjay Reddy | - | (0.05) |
| Mr. Manmahesh Kantipudi | - | (0.05) |
| Mr. Gerhard Mayr | (4.96) | (4.97) |
| Mr. Ajay Srivastava | (0.94) | (0.05) |
| Mr. Robert Richard Ruffalo | (0.03) | (1.20) |
| Mr. Sahajbir Singh Brar | - | (0.03) |
| Mr. Keshav Gunupati Venkat Reddy | (0.05) | (0.05) |
| Ms. G Indira Krishna Reddy | - | (0.05) |
| Ms. Anita Ramachandran | (0.86) | - |
| Madhubani Investments Private Limited | - | (15.25) |
| Reddy Investment Trust | - | (16.18) |
| **Outstanding corporate guarantees (Refer note 33)** | | |
| Aragen Bioscience, Inc. (US$5,500,000 (31 March 2022: US$3,500,000)) | 452.19 | 264.29 |

* The loan granted to Aragen Life Sciences BV ₹ 41.08 (31 March 2022: ₹ 30.69) was considered doubtful as at 31 March 2022 and has been provided for. Considering the improved financial position of Aragen Life Sciences BV the said loan has been reclassified as "considered good" and reversed the provision. Further the Company has subsequently received the loan outstanding amount.

**(d) Directors' interests in the employee stock option plan**

Share options held by the Board of Directors under the employee stock option plan to purchase Equity shares have the following expiry dates and exercise prices:

| Grant date | Vesting date | Exercise price | Number outstanding* | |
|---|---|---|---|---|
| | | | **31 March 2023** | **31 March 2022** |
| 7 July 2007 | 6 July 2011 | 3.33 | 7,65,000 | 7,65,000 |
| 1 November 2011 | 31 October 2015 | 16.67 | 2,16,000 | 2,16,000 |
| 1 July 2017 | 30 June 2021 | 78.47 | 6,56,957 | 6,56,957 |
| 1 July 2021 | 30 June 2022 | 78.47 | 1,96,542 | 1,96,542 |
| 30 January 2023 | 30 January 2024 | 10.00 | 88,878 | - |
| **Total** | | | **19,23,377** | **18,34,499** |

*Previous year numbers are adjusted for bonus shares issued during the current year.

**37 Details of expenditure incurred, Capital and Revenue, in Research and Development is as under:**

**(a) Capital expenditure**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Additions to laboratory equipment | - | - |
| | - | - |

**(b) Revenue expenditure (Included under appropriate heads in Statement of Profit and Loss)**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Cost of material consumed | 78.85 | 25.76 |
| Salaries and wages | 16.17 | 12.28 |
| Chemicals and spares | 0.09 | 0.55 |
| | **95.11** | **38.59** |

**38 Unhedged foreign currency exposure**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Receivables** | | |
| United States Dollar | 2,995.58 | 2,242.90 |
| Great Britain Pound | 9.59 | 3.65 |
| Euro | - | 39.67 |
| **Payables** | | |
| United States Dollar | 1,136.36 | 1,943.01 |
| Great Britain Pound | 0.98 | 3.74 |
| Euro | 94.75 | 41.64 |
| Swiss Franc | 1.28 | 1.29 |
| Others | 0.55 | - |

**39 Corporate social responsibility expenditure (CSR)**

The Company has formulated a Corporate Social Responsibility Committee to undertake the mandatory corporate social responsibility activities in accordance with the provisions of the Act. The details of the amounts spent during the current year are as follows:

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Expenditure on CSR activities: | | |
| Balance unspent CSR amount at the beginning of the year | - | - |
| (a) Gross amount required to be spent by the Company during the year | 39.90 | 27.02 |
| (b) Amount approved by the Board to be spent during the year | 39.90 | 27.02 |
| (c) Amount spent by the Company during the year (in cash) | | |
| (i) For Construction/acquisition of asset ** | 22.92 | 0.50 |
| (ii) For Contribution to Covid related measures | - | 3.05 |
| (iii) Other than (i) & (ii) above* | - | 3.34 |
| **Balance unspent /(Excess) CSR amount in cash at the end of the year** | **16.98** | **20.13** |
| (d) Reason for unspent amount at the end of year | On-going projects | On-going projects |
| (e) Amount subsequently transferred to Unspent CSR designated bank account towards ongoing projects | 17.00 | 20.63 |
| (f) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately | 17.00 | 20.63 |
| **Movement in Provision during the year** | | |
| Opening Liability towards CSR | 20.63 | - |
| Amount spent by the Company during the year (in cash) | (16.12) | |
| Provision created during the year for Unspent amount (in cash) | 17.00 | 20.63 |
| **Closing Liability towards CSR** | **21.51** | **20.63** |

* includes an amount of ₹Nil (31 March 2022: ₹ 0.42) contributed to a related party, GVK Foundation in relation to CSR expenditure.

** includes an amount of ₹22.92 (31 March 2022: Nil) contributed to a related party, Aragen Foundation in relation to CSR expenditure.

**Nature of CSR activities:**

1. Promoting education
2. Providing emergency medical care, and preventive health care
3. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources, promoting renewable sources of energy, building waste management capabilities, and creating awareness about sustainability issues.

**40 Transfer pricing**

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the regulatory timelines, as required by law. The Management is of the opinion that its domestic and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

**41 Ratio Analysis**

**a) Current Ratio = Current Assets divided by Current Liabilities**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Current Assets | 5,771.29 | 7,244.17 |
| Current Liabilities | 4,189.57 | 4,282.84 |
| **Ratio** | **1.38** | **1.69** |
| **% variance from previous year** | **-18.56%** | |

**Reason for variance more than 25%: Not applicable**

**b) Debt Equity ratio = Total debt divided by Total Equity where total debt refers to sum of current & non current borrowings**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Total debt | 4,981.19 | 5,204.54 |
| Total Equity | 12,172.92 | 10,429.90 |
| **Ratio** | **0.41** | **0.50** |
| **% variance from previous year** | **-18.00%** | |

**Reason for variance more than 25%: Not applicable**

**c) Debt Service Coverage Ratio = Earnings available for debt service divided by interest, lease payments and principal repayments of borrowings**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Profit for the year | 2,519.19 | 2,109.78 |
| **Add: Non cash operating expenses and finance cost** | | |
| Depreciation and amortization expense | 1,409.88 | 1,068.13 |
| Finance cost | 369.76 | 227.57 |
| **Earnings available for debt service** | **4,298.83** | **3,405.48** |
| Interest Payments | 334.49 | 179.46 |
| Current lease liabilities | 73.49 | 77.94 |
| Current maturities of long term borrowings | 856.81 | 439.66 |
| **Total Interest and principal repayments** | **1,264.79** | **697.06** |
| **Ratio** | **3.40** | **4.89** |
| **% variance from previous year** | **-30.43%** | |

**Reason for variance more than 25%:**
The interest payments for the borrowings taken by the Company during the previous years had commenced from current year and thus leading to a higher interest payments and thereby a reduction in the coverage ratio and further contributed by the increase in the current maturities of long term borrowings which are due to be paid within the next twelve months.

**d) Return on Equity Ratio / Return on Investment Ratio = Net profit after taxes divided by average total equity**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Profit for the year | 2,519.19 | 2,109.78 |
| Average Total Equity | 11,301.41 | 8,624.57 |
| **Ratio** | **0.22** | **0.24** |
| **% variance from previous year** | **-8.88%** | |

**Reason for variance more than 25%: Not applicable**

**e) Inventory Turnover Ratio = Revenue from operations divided by average inventory**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Revenue from operations | 15,599.65 | 12,359.68 |
| Average Inventory | 791.95 | 812.12 |
| **Ratio** | **19.70** | **15.22** |
| **% variance from previous year** | **29.43%** | |

**Reason for variance more than 25%:**
During the year the company had implemented policies to maintain lower levels of inventory to achieve a better working capital position

**f) Trade Receivables turnover ratio = Net Credit Sales divided by Average Trade Receivables**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Net Credit Sales | 15,599.65 | 12,359.68 |
| Average Trade Receivables | 2,448.17 | 1,984.72 |
| **Ratio** | **6.37** | **6.23** |
| **% variance from previous year** | **2.32%** | |

**Reason for variance more than 25%: Not applicable**

**g) Trade payables turnover ratio = Net Credit Purchases divided by Average Trade Payables**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Net Credit Purchases | 3,900.07 | 3,779.21 |
| Trade Payables excluding accrual for expenses | 782.20 | 844.80 |
| **Ratio** | **4.99** | **4.47** |
| **% variance from previous year** | **11.46%** | |

**Reason for variance more than 25%: Not applicable**

**41 Ratio Analysis (Continued)**

**h) Net capital Turnover Ratio = Net Sales divided by Working Capital where Working Capital= Current Assets - Current Liabilities**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Net sales | 15,599.65 | 12,359.68 |
| Working Capital | 1,581.72 | 2,961.33 |
| **Ratio** | **9.86** | **4.17** |
| **% variance from previous year** | **136.30%** | |

**Reason for variance more than 25%:**
The Company had issued non-convertible debentures of ₹ 2,000 proceeds of which were available for utilisation as at 31 March 2022 and thus led to an increased cash balances and thus leading to a higher working capital position during the year ended 31 March 2022. Such higher opening cash balances were utilised during the year which led to a reduction in the overall working capital.

**i) Net profit ratio = Net profit after taxes divided by Net Sales**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Profit for the year | 2,519.19 | 2,109.78 |
| Net Sales | 15,599.65 | 12,359.68 |
| **Ratio** | **0.16** | **0.17** |
| **% variance from previous year** | **-5.39%** | |

**Reason for variance more than 25%: Not applicable**

**j) Return on Capital employed (pre cash)=Earnings Before Interest and Taxes (EBIT) divided by Capital Employed (pre cash)**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Profit before tax (A) | 3,349.12 | 2,773.55 |
| Finance Costs (B) | 369.76 | 227.57 |
| Other Income (C) | 213.62 | 173.78 |
| **EBIT (D) = (A)+(B)-(C)** | **3,505.26** | **2,827.34** |
| **Capital Employed (Pre Cash) (J)=( E)-(F)-(G)-(H)-(I)** | **14,880.72** | **11,825.71** |
| Total Assets (E) | 20,230.43 | 19,465.05 |
| Current Liabilities (F) | 4,189.57 | 4,282.84 |
| Current Investments (G) | - | - |
| Cash and Cash equivalents (H) | 356.93 | 2,071.94 |
| Bank balances other than cash and cash equivalents (I) | 803.21 | 1,284.56 |
| **Ratio (D)/(J)** | **0.24** | **0.24** |
| **% variance from previous year** | **-1.48%** | |

**Reason for variance more than 25%: Not applicable**

**42 Composite scheme of arrangement**

Excelra Knowledge Solutions Private Limited (Excelra), GVK Davix Technologies Private Limited (GVK DTPL), GVK Davix Research Private Limited and Aragen Life Sciences Limited (formerly Aragen Life Sciences Private Limited) and their respective shareholders have entered into a Composite Scheme of Arrangement under Section 230 to 232 of the Companies Act, 2013 ("Scheme") which contemplates Amalgamation of Excelra with GVK DTPL with Appointed Date as 1st April 2021 and thereupon demerger of information technology business and related investments of GVK DTPL into GVK Davix Research Private Limited and amalgamation of the residual GVK DTPL into Aragen Life Sciences Limited (formerly Aragen Life Sciences Private Limited), with 02 April 2021 as the Appointed Date.

The said Scheme was approved by the National Company Law Tribunal, Hyderabad Bench ("NCLT") on 30 May 2022 and the Company has received the final order copy on 07 June 2022. The certified copy of the said order has been filed with the Registrar of Companies, Hyderabad by the companies involved. The Company filed the certified copy of the Order on 01 July 2022 with respect to Part IV (amalgamation of the residual GVK DTPL into Aragen Life Sciences Limited) of the Scheme, as such the Part IV of the Scheme has become effective from that date.

Further, as per the method of accounting prescribed in the Scheme and in accordance with principles of Indian Accounting Standards, the Company has revised its standalone financial statements to include balances of GVK DTPL for the year ended 31 March 2022.

**43** The Company had filed appropriate forms for satisfaction of charges before Registrar of Companies, Hyderabad with respect to the charges amounting to ₹36.50 million as at 31 March 2023 created against the Company under the Charge IDs 90124315 and 90124232 and there are no borrowing outstanding with respect to the same. The Company has been continuously pursuing with the authorities to reflect the same on their website.

Further the Charge ID 90124333 in favour of Canara Bank (Bank) for an amount of ₹205.80 million is a duplicate entry erroneously filed by the Company and the Company is pursuing with the Bank for No-objection certificate to file satisfaction of the Charge with the Registrar of Companies.

Charge ID 100490209 for an amount of ₹607.50 million is pertaining to Excelra Knowledge Solutions Private Limited (Excelra). Pursuant to Composite Scheme of Arrangement, this charge has been transferred to the Company due to technical issues while approving the Scheme by ROC. The Company is pursuing with Excelra and the concerned Bank for transfer of this Charge to Excelra.

**44 Struck-off Companies:**

The Company has not entered into any transactions with the companies struck-off as per Section 248 or Section 560 of the companies act 2013.

**45 Benami Property:**

There are no proceeding initiated or pending against the Company as at 31 March 2023, under Benami Property Transactions Act, 1988 (as amended in 2016).

**46 Wilful Defaulter:**

The Company is not declared a wilful defaulter by any bank or financial Institution or other lender.

**47 Undisclosed incomes:**

The Company has recorded all transactions in the books of account that has been surrendered. There are no previously unrecorded incomes and related assets that were considered during the year, no unrecorded incomes were identified as income for tax assessments.

**48** The Company has not traded or invested in crypto currency or virtual currency during the financial year.

**49** 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 lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

The notes referred to above form an integral part of these standalone financial statements.
As per our Report on Standalone Financial Statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*

ICAI Firm Registration No: 116231W/ W-100024

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Place: Hyderabad

for and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
(formerly known as Aragen Life Sciences Private Limited)
CIN: U74999TG2000PLC035826

Sd/-
**Davinder Singh Brar**
Chairman
DIN: 00068502

Sd/-
**Keshav Gunupati Venkat Reddy**
Director
DIN: 06593325

Sd/-
**K Ramakrishna**
Company Secretary
M.No.: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad
Date: 24 May 2023

# B S R & Associates LLP
Chartered Accountants

Salarpuria Knowledge City, Orwell, B Wing,
6th Floor, Unit-3, Sy No. 83/1, Plot No. 02,
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# Independent Auditor's Report

## To the Members of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited)

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) (hereinafter referred to as the "Holding Company"), its employee welfare trust and its subsidiaries (Holding Company, its employee welfare trust and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the* Consolidated *Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matter" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Revenue Recognition - Existence | |
|---|---|
| See Note 2(i) and Note 20 to consolidated financial statements | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| The Group's revenue is derived from contract research, development and manufacturing activities.<br><br>We have identified recognition of revenue as a key audit matter because of the following:<br><br>Revenue is a key performance indicator for the Group. There could be pressure on Management to meet expectations of investors/ other stakeholders.<br><br>Accordingly, there is a risk of fraud related to revenue being overstated by recognition in the wrong accounting period or being recognized before revenue recognition criteria have been satisfied. | We performed the following audit procedures:<br><br>• Evaluated the Group's revenue recognition accounting policies and compliance with applicable accounting standards.<br>• Tested the design and implementation of key internal financial controls with respect to revenue recognition and testing operating effectiveness of such controls.<br>• Performed substantive testing on a sample basis of revenue transactions recorded during the year by checking the underlying documents such as invoice, sales contracts, shipping documents to test evidence for satisfaction of the criteria for recognition of revenue during the year.<br>• Test checked significant manual journals posted to revenue to identify any unusual items and sought explanations from Management.<br>• Test checked sales transactions near to year-end and post year-end as well as credit notes issued post year-end to determine whether the revenue recognition during the year is appropriate.<br>• Evaluated the adequacy of the disclosures in the consolidated financial statements. |

| Impairment assessment of goodwill | |
|---|---|
| See Note 2 (o) and Note 4 to consolidated financial statements | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| As at 31 March 2023, the Group has goodwill of INR 1,618.13 million arose on acquisition of subsidiaries. Management performs the impairment assessment of goodwill under Ind AS 36 "Impairment of Assets" on an annual basis and whenever there is an indication of impairment. | We performed the following audit procedures:<br><br>• Tested the design and implementation of key internal financial controls with respect to Group's assessment of impairment analysis. Tested the operating effectiveness of these controls.<br>• Performed a retrospective comparison of prior |

| | |
|---|---|
| The carrying value of goodwill will be recovered through future cash flows and accordingly there is an inherent risk that these assets may be impaired if these cash flows do not meet the Group's expectations.<br><br>We identified impairment assessment of goodwill as a key audit matter considering the following:<br><br>• The significance of the value of goodwill in the consolidated financial statements.<br>• The inherent complexity in auditing the forward-looking assumptions applied to determine recoverable value given the significant Management judgements involved. The key assumptions in the cash flow models include the forecasted revenue, projected margins, terminal growth and discount rates. | period cash flow forecasts to actual performance.<br>• Challenged the key assumptions used by the Management in its impairment assessment, specifically in relation to forecasted revenue, projected margins, terminal growth and discount rates with the assistance of our valuation specialists.<br>• Performed a sensitivity analysis on the outcome of impairment assessment to changes in key assumptions.<br>• Evaluated the adequacy of disclosures in the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities. |

## Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Director's report, but does not include the financial statements and auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors'/Board of Trustees Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors /Board of Trustees of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors /Board of Trustees of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matter" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

## Other Matter

a. We did not audit the financial statements of three subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of INR 969.69 millions as at 31 March 2023, total revenues (before consolidation adjustments) of INR 664.01 million and net cash outflows (before consolidation adjustments) amounting to INR 10.82 millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

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

2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matter" paragraph, we report, to the extent applicable, that:

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

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

e. On the basis of the written representations received from the directors of the Holding Company as on 01 April 2023, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matter" paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 40 to the consolidated financial statements.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.

c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2023.

d (i) The management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 52 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies 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 Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 52 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

   As stated in Note 13 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

   In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of such subsidiary company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Companyand its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Arpan Jain**

*Partner*

Place: Hyderabad
Membership No.: 125710

Date: 24 May 2023
ICAI UDIN:23125710BGYBQR3960

## Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023

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

(xxi) In our opinion and according to the information and explanations given to us, following company incorporated in India and included in the consolidated financial statements, has unfavourable remarks given by its auditor in their report under the Companies (Auditor's Report) Order, 2020 (CARO):

| **Sr. No.** | **Name of the entities** | **CIN** | **Holding Company/Subsidiary/ JV/ Associate** | **Clause number of the CARO report which is unfavourable or qualified or adverse** |
|---|---|---|---|---|
| 1 | Aragen Life Sciences Limited | U74999TG2000PTC035826 | Holding Company | Clause (i)(c) |

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Arpan Jain**

*Partner*

Membership No.: 125710

ICAI UDIN:23125710BGYBQR3960

Place: Hyderabad

Date: 24 May 2023

# Annexure B to the Independent Auditor's Report on the consolidated financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023

## Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

## Opinion

In conjunction with our audit of the consolidated financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion and based on the consideration of report of the other auditor on internal financial controls with reference to financial statements of subsidiary company, as was audited by the other auditor, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

## Annexure B to the Independent Auditor's Report on the consolidated financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)*

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 consolidated 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 consolidated financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

### Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of this matter.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Arpan Jain**

*Partner*

Place: Hyderabad

Membership No.: 125710

Date: 24 May 2023

ICAI UDIN:23125710BGYBQR3960

**Annexure B to the Independent Auditor's Report on the consolidated financial statements of Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited) for the year ended 31 March 2023 *(Continued)***

**Aragen Life Sciences Limited** *(formerly Aragen Life Sciences Private Limited)*
**Consolidated Balance Sheet as at 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

| | Notes | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 10,012.32 | 8,920.60 |
| Capital work-in-progress | 3 | 1,695.75 | 321.74 |
| Goodwill | 4 | 1,618.13 | 1,618.13 |
| Other Intangible assets | 5 | 229.25 | 270.44 |
| Right-of-use assets | 3A | 537.32 | 591.28 |
| Financial assets | | | |
| - Investments | 6 | 2.05 | 1.86 |
| - Other financial assets | 7 | 237.66 | 490.28 |
| Deferred tax assets, net | 27 | 70.37 | - |
| Non-current tax assets, net | 27 | 204.83 | 331.51 |
| Other non-current assets | 11 | 85.27 | 16.27 |
| | | **14,692.95** | **12,562.11** |
| **Current assets** | | | |
| Inventories | 8 | 659.20 | 987.48 |
| Financial assets | | | |
| - Trade receivables | 9 | 3,290.14 | 2,431.51 |
| - Cash and cash equivalents | 10 | 503.76 | 2,281.29 |
| - Bank balances other than cash and cash equivalents | 10 | 1,040.06 | 1,408.48 |
| - Other financial assets | 7 | 105.00 | 156.88 |
| Other current assets | 11 | 1,108.36 | 786.21 |
| | | **6,706.52** | **8,051.85** |
| **Total assets** | | **21,399.47** | **20,613.96** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 12 | 2,044.14 | 681.38 |
| Other equity | 13 | 9,707.37 | 9,640.54 |
| **Equity attributable to the owners of the Company** | | **11,751.51** | **10,321.92** |
| Non-controlling interest | 14 | 547.66 | 513.07 |
| **Total equity** | | **12,299.17** | **10,834.99** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| -Borrowings | 15 | 3,558.92 | 4,398.87 |
| -Other financial liabilities | 18 | 4.00 | 4.00 |
| -Lease Liabilities | 3A | 295.63 | 342.38 |
| Provisions | 16 | 210.17 | 173.75 |
| Deferred tax liabilities, net | 27 | - | 83.69 |
| | | **4,068.72** | **5,002.69** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| -Borrowings | 15 | 1,726.47 | 805.67 |
| -Lease Liabilities | 3A | 130.19 | 123.93 |
| -Trade payables | 17 | | |
| -Total outstanding dues of micro and small enterprises | | 122.42 | 129.22 |
| -Total outstanding dues of creditors other than micro and small enterprises | | 1,025.50 | 1,133.95 |
| -Other financial liabilities | 18 | 1,160.38 | 1,540.48 |
| Provisions | 16 | 164.34 | 136.68 |
| Current tax liabilities, net | 27 | 117.88 | 157.06 |
| Other current liabilities | 19 | 584.40 | 749.29 |
| | | **5,031.58** | **4,776.28** |
| **Total liabilities** | | **9,100.30** | **9,778.97** |
| **Total equity and liabilities** | | **21,399.47** | **20,613.96** |
| Group background and significant accounting policies | 1 & 2 | | |

The notes referred to above form an integral part of these consolidated financial statements.
As per our report on consolidated financial statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
ICAI Firm Registration No: 116231W/ W-100024

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Place: Hyderabad

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
*(formerly Aragen Life Sciences Private Limited)*
CIN: U74999TG2000PLC035826

Sd/-
**Davinder Singh Brar**
*Chairman*
DIN: 00068502

Sd/-
**Keshav Gunupati Venkat Reddy**
*Director*
DIN: 06593325

Sd/-
**K Ramakrishna**
*Company Secretary*
M.No.: F3865

Sd/-
**Sachin Anand Dharap**
*Chief Financial Officer*

Sd/-
**Manmahesh Kantipudi**
*Whole-time Director & Chief Executive Officer*
DIN: 05241166

Place: Hyderabad
Date: 24 May 2023

**Aragen Life Sciences Limited** *(formerly Aragen Life Sciences Private Limited)*
**Consolidated Statement of Profit and Loss for the year ended 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

| | Notes | For the year ended | |
|---|---|---|---|
| | | **31 March 2023** | **31 March 2022** |
| **Income** | | | |
| Revenue from operations | 20 | 17,366.01 | 13,873.61 |
| Other income | 21 | 154.31 | 147.59 |
| **Total income** | | **17,520.32** | **14,021.20** |
| **Expenses** | | | |
| Cost of materials consumed | 22 | 1,786.79 | 1,990.23 |
| Changes in inventories of work-in-progress and finished goods | 23 | 321.52 | (253.81) |
| Employee benefits expense | 24 | 5,119.43 | 4,111.65 |
| Finance costs | 25 | 389.06 | 235.07 |
| Depreciation and amortisation expense | 3, 3A & 5 | 1,672.89 | 1,288.98 |
| Other expenses | 26 | 5,165.13 | 3,975.42 |
| **Total expenses** | | **14,454.82** | **11,347.54** |
| **Profit before tax** | | **3,065.50** | **2,673.66** |
| **Tax expense** | | | |
| (a) Current tax | 27 | 948.07 | 661.21 |
| (b) Deferred tax | 27 | (81.28) | 37.82 |
| **Total tax expense** | | **866.79** | **699.03** |
| **Profit for the year** | | **2,198.71** | **1,974.63** |
| **Other comprehensive income ("OCI")** | | | |
| *Items that will be reclassified to profit or loss* | | | |
| Effective portion of gain/(loss) on hedging instruments in cash flow hedges | | (289.21) | 6.39 |
| Exchange differences on translating the financial statements of foreign operations | | 65.59 | (16.89) |
| Income-tax effect on effective portion of cashflow hedge | 27 | 72.78 | (1.61) |
| | | **(150.84)** | **(12.11)** |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurement losses on defined benefit plan | | (21.54) | 8.21 |
| Income-tax effect on above | 27 | 5.29 | (1.98) |
| | | **(16.25)** | **6.23** |
| **Total other comprehensive income, net of tax** | | **(167.09)** | **(5.88)** |
| **Total comprehensive income for the year** | | **2,031.62** | **1,968.75** |
| **Profit for the year attributable to:** | | | |
| Equity holders of the Holding Company | | 2,166.04 | 1,960.70 |
| Non controlling interest | | 32.67 | 13.93 |
| **Total comprehensive income for the year attributable to:** | | | |
| Equity holders of the Holding Company | | 1,997.03 | 1,954.68 |
| Non controlling interest | | 34.59 | 14.07 |
| **Earnings per share (EPS)** | 28 | | |
| (a) Basic | | 10.72 | 9.73 |
| (b) Diluted | | 10.59 | 9.62 |
| | 1&2 | | |

The notes referred to above form an integral part of these consolidated financial statements.
As per our report on consolidated financial statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
*ICAI Firm Registration No: 116231W/ W-100024*

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Place: Hyderabad

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
*(formerly Aragen Life Sciences Private Limited)*
CIN: U74999TG2000PLC035826

Sd/-
**Davinder Singh Brar**
Chairman
DIN: 00068502

Sd/-
**Keshav Gunupati Venkat Reddy**
Director
DIN: 06593325

Sd/-
**K Ramakrishna**
Company Secretary
M.No: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad
Date: 24 May 2023

**Aragen Life Sciences Limited** *(formerly Aragen Life Sciences Private Limited)*
**Consolidated Statement of Changes in Equity for the year ended 31 March 2023**
(All amounts in ₹ million, expect share data, unless otherwise stated)

**(a) Equity share capital**

| | Number | Amount |
|---|---|---|
| **Equity shares of ₹10 each issued, subscribed and fully paid** | | |
| **As at 01 April 2021** | **6,69,82,452** | **669.82** |
| Issued during the year | 11,55,611 | 11.56 |
| **As at 31 March 2022** | **6,81,38,063** | **681.38** |
| Issued during the year | 13,62,76,126 | 1,362.76 |
| **As at 31 March 2023** | **20,44,14,189** | **2,044.14** |

**(b) Other equity**

| Particulars | Reserves and surplus | | | | | | | | | Items of OCI | | Other equity attributable to owners of Holding Company | Non-controlling Interest | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | Retained earnings | General reserve | Capital reserve | Share based payment reserve | Debenture redemption reserve | Capital redemption reserve | Gross obligation to non-controlling interest under put options | Treasury shares | Effective portion of cashflow hedge | Foreign currency translation reserve | | | |
| **Balance as of 01 April 2021** | 185.81 | 7,504.58 | 211.05 | 417.76 | 121.61 | - | 3.36 | - | (148.85) | 108.42 | 10.58 | 8,414.32 | 791.74 | 9,206.06 |
| On account of composite scheme of arrangement | - | - | - | (946.10) | - | - | - | - | - | (5.37) | (2.09) | (953.56) | (791.74) | (1,745.30) |
| Non-controlling interest arising on the acquisition of subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | 499.00 | 499.00 |
| Profit for the year | - | 1,960.70 | - | - | - | - | - | - | - | - | - | 1,960.70 | 13.93 | 1,974.63 |
| Other comprehensive income | - | 6.09 | - | - | - | - | - | - | - | 4.78 | (16.89) | (6.02) | 0.14 | (5.88) |
| Transfer to Debenture redemption reserve | - | (200.00) | - | - | - | 200.00 | - | - | - | - | - | - | - | - |
| Issue of share capital | 205.52 | - | - | - | (54.33) | - | - | - | - | - | - | 151.19 | - | 151.19 |
| Employee stock compensation cost | - | - | - | - | 75.93 | - | - | - | - | - | - | 75.93 | - | 75.93 |
| Purchase of Treasury shares | - | - | - | - | - | - | - | - | 1.98 | - | - | 1.98 | - | 1.98 |
| Recognition of put option liability during the year | - | - | - | - | - | - | - | (4.00) | - | - | - | (4.00) | - | (4.00) |
| **Balance as of 01 April 2022** | **391.33** | **9,271.37** | **211.05** | **(528.34)** | **143.21** | **200.00** | **3.36** | **(4.00)** | **(146.87)** | **107.83** | **(8.40)** | **9,640.54** | **513.07** | **10,153.61** |
| Profit for the year | - | 2,166.04 | - | - | - | - | - | - | - | - | - | 2,166.04 | 32.67 | 2,198.71 |
| Other comprehensive income | - | (18.17) | - | - | - | - | - | - | - | (216.43) | 65.59 | (169.01) | 1.92 | (167.09) |
| Employee stock compensation cost | - | - | - | - | 29.85 | - | - | - | - | - | - | 29.85 | - | 29.85 |
| Dividend paid | - | (597.29) | - | - | - | - | - | - | - | - | - | (597.29) | - | (597.29) |
| Utilised for bonus issue | (391.33) | (757.02) | (211.05) | - | - | - | (3.36) | - | - | - | - | (1,362.76) | - | (1,362.76) |
| **Balance as of 31 March 2023** | **-** | **10,064.93** | **-** | **(528.34)** | **173.06** | **200.00** | **-** | **(4.00)** | **(146.87)** | **(108.60)** | **57.19** | **9,707.37** | **547.66** | **10,255.03** |

The notes referred to above form an integral part of these consolidated financial statements.
As per our Report on consolidated financial statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
*ICAI Firm Registration No: 116231W/ W-100024*

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Place: Hyderabad

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
*(formerly Aragen Life Sciences Private Limited)*
CIN: U74999TG2000PLC035826

Sd/-
**Davinder Singh Brar**
Chairman
DIN: 00068502

Sd/-
**Keshav Gunupati Venkat Reddy**
Director
DIN: 06593325

Sd/-
**K Ramakrishna**
Company Secretary
M.No: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad
Date: 24 May 2023

**Aragen Life Sciences Limited** *(formerly Aragen Life Sciences Private Limited)*
**Consolidated Statement of Cash Flows for the year ended 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Cash flow from operating activities** | | |
| **Profit before tax** | **3,065.50** | **2,673.66** |
| Adjustments for: | | |
| - Depreciation and amortisation expense | 1,672.89 | 1,288.98 |
| - Property, plant and equipment written-off | - | 0.71 |
| - Loss/(income) from investments | - | 0.64 |
| - Interest income | (111.98) | (61.80) |
| - Liabilities no longer required written-back | (10.29) | (30.28) |
| - Gain on sale of property, plant and equipment | 0.43 | - |
| - Interest expense | 389.07 | 235.07 |
| - Employee stock compensation expense | 29.22 | 75.93 |
| - (Reversal)/provision for doubtful debts, net | 101.81 | (22.42) |
| - Unrealised foreign exchange fluctuation gain/(loss) | 49.00 | (6.70) |
| **Adjustments for working capital changes:** | | |
| Decrease/(Increase) in inventories | 330.75 | (315.98) |
| Increase in trade receivables | (1,021.27) | (88.48) |
| Increase in short term loans given | (2.32) | (0.10) |
| Increase in other financial assets | (10.61) | (11.33) |
| Increase in other current assets | (308.42) | (64.99) |
| (Decrease)/increase in trade payables | (154.54) | 179.86 |
| (Decrease)/increase in other current financial liabilities | (255.29) | 196.81 |
| Increase in provisions | 37.61 | 45.58 |
| (Decrease)/increase in other current liabilities | (195.07) | 270.49 |
| **Cash generated from operations** | **3,606.49** | **4,365.65** |
| Income-tax paid | (850.05) | (791.09) |
| **Net cash generated from operating activities** | **2,756.44** | **3,574.56** |
| | | |
| **Cash flow used in investing activities** | | |
| Purchase of property, plant and equipment incl. CWIP and Capital advances | (3,762.58) | (3,518.49) |
| Proceeds from sale of property, plant and equipment | 0.08 | - |
| Redemption of/(Investment in) fixed deposits, net | 624.63 | (534.06) |
| Income from investments | - | 2.64 |
| Proceeds from sale of investments | - | 104.37 |
| Payment towards acquisition of subsidiaries, net of cash and cash equivalents | (496.95) | (955.43) |
| Finance and interest income received | 108.47 | 77.17 |
| **Net cash used in investing activities** | **(3,526.35)** | **(4,823.80)** |

**Aragen Life Sciences Limited** *(formerly Aragen Life Sciences Private Limited)*
**Consolidated Statement of Cash Flows for the year ended 31 March 2023**
(All amounts in ₹ million, except share data, unless otherwise stated)

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Cash flow from financing activities** | | |
| Proceeds from issue of equity shares | - | 162.75 |
| Payment of dividends | (597.29) | - |
| Proceeds from long-term borrowings | - | 3,480.00 |
| Repayment of long-term borrowings | (405.89) | (311.64) |
| Proceeds from/(repayment) of short-term borrowings, net | 495.88 | (419.29) |
| Repayment of lease liabilities | (154.76) | (134.12) |
| Interest expense paid | (352.12) | (178.99) |
| **Net cash (used in)/generated from financing activities** | **(1,014.18)** | **2,598.71** |
| Net (decrease)/increase in cash and cash equivalents | (1,784.09) | 1,349.47 |
| Cash and cash equivalents at the beginning of the year | 2,281.29 | 927.91 |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 6.56 | 3.91 |
| **Cash and cash equivalents at the end of the year** | **503.76** | **2,281.29** |
| **Cash and cash equivalents comprise (Refer note 10)** | | |
| Balances with banks | | |
| On current accounts | 453.45 | 974.64 |
| Fixed deposits with maturity of less than 3 months | 50.17 | 1,305.84 |
| Cash on hand | 0.14 | 0.81 |
| **Total cash and cash equivalents at end of the year** | **503.76** | **2,281.29** |

The above consolidated cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows.

Refer note 15 for Reconciliation of Liabilities from Financing Activities
As per our report on consolidated financial statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
*ICAI Firm Registration No: 116231W/ W-100024*

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Limited**
*(formerly Aragen Life Sciences Private Limited)*
CIN: U74999TG2000PLC035826

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Sd/-
**Davinder Singh Brar**
Chairman
DIN: 00068502

Sd/-
**Keshav Gunupati Venkat Reddy**
Director
DIN: 06593325

Sd/-
**K Ramakrishna**
Company Secretary
M.No: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad

Place: Hyderabad
Date: 24 May 2023

## 1. Company and group overview

The consolidated financial statements comprise the financial statements of Aragen Life Sciences Limited *(formerly known as Aragen Life Sciences Private Limited)* ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 March 2023. The Group was incorporated in the year 2000 under the provisions of the Companies Act, 1956. The Group is primarily engaged in providing contract research and development services to global Pharmaceutical and Biotechnology companies. The Company's headquarter is located at 28 A, IDA Nacharam, Hyderabad, Telangana 500076, India.

Pursuant to the resolution passed by the Directors of the Company on 25 January 2023 and approved by the shareholders at the extraordinary general meeting held on 27 January 2023, the Company has been converted from a Private Limited Company to a Public Limited Company and the Company ceased to be Private company as per Section 14 of the Companies Act, 2013. The Company has obtained a fresh certificate of incorporation dated 28 March 2023 consequent upon conversion of the Company from the Registrar of Companies, Ministry of Corporate Affairs.

**List of subsidiaries with percentage holding**

| Subsidiaries | Country of incorporation | % of holding | |
|---|---|---|---|
| | | 31 March 2023 | 31 March 2022 |
| Aragen Bioscience, Inc. | United States of America | 100.00% | 100.00% |
| Aragen Life Sciences BV (formerly GVK Biosciences BV) | Netherlands | 100.00% | 100.00% |
| Intox Private Limited | India | 76.00% | 76.00% |
| Aragen Foundation | India | 100.00% | 100.00% |

Holding Company for all the above subsidiaries is Aragen Life Sciences Limited *(formerly known as Aragen Life Sciences Private Limited)*. The principal activities of the above subsidiaries include providing contract research and development services.

Aragen Life Sciences Limited *(formerly known as Aragen Life Sciences Private Limited)* is the sponsoring entity of Employee Stock Option Plan ('ESOP') trusts. Management of the Company can appoint and remove the trustees and provide funding to the trust for buying the shares. Basis assessment by the management, it believes that the ESOP trusts are designed to be controlled by the Company and therefore it needs to be consolidated under Ind AS 110.

**List of trusts that are consolidated**

- Aragen Employees Welfare Trust *(formerly GVK Bio Employees Welfare Trust)*

## 2. Summary of significant accounting policies

### (a) Statement of compliance

The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 ("the Rules") (as amended).

These consolidated financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 24 May 2023.

### (b) Basis of preparation of consolidated financial statements

The Consolidated financial statements have been prepared on a historical cost basis, except for the following item:

- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation
- Certain financial assets and liabilities that are measured at fair value or amortised value

The accounting policies applied by the Group are consistent with those used in the prior periods.

### (c) Basis of consolidation:

*Subsidiaries including trust:*
Subsidiaries are entities over which the Group has control. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

**2. Summary of significant accounting policies** (continued)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March.

**Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

**(d) Business combinations and goodwill**

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognized in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognized at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognized as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognized as capital reserve. Goodwill is initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

**2. Summary of significant accounting policies** (continued)

**(e) Business combination under common control transactions**

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustment is made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonize accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
- The balance of retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

**(f) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**(g) Foreign currencies:**

The Group's consolidated financial statements are presented in Indian Rupees (₹), which is also the Group's functional and presentation currency.

The financial statements are rounded off to the nearest millions.

*Initial recognition*
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

*Conversion*
Foreign currency monetary items denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

*Exchange differences*
Exchange differences arising on the settlement of foreign currency monetary items or on reporting monetary items of the Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

*Group companies*
Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss have been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

**2. Summary of significant accounting policies** (continued)

### (h) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### (i) Revenue recognition

The Group recognises revenue in accordance with Ind-AS 115 'Revenue from Contracts with Customers'.

**Contract research services and Pharmaceutical Products Sales.**

The Group derives revenues primarily from Contract research services and Pharmaceutical Products Sales. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research services and Pharmaceutical Products Sales are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee is recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Group in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as "unearned revenue").

**2. Summary of significant accounting policies** (continued)

The Group collects GST as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

**Dividends**

Dividend income is recognised when the Group's right to receive dividend is established, which is generally when shareholders approve the dividend by the reporting date.

**Interest Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss

**Use of Significant Judgements in revenue recognition:**

The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives.

The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**(j) Taxes**

Tax expense comprises of current and deferred tax.

*Current income tax*

Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions. Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2. Summary of significant accounting policies** (continued)

**(k) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies, if any. Cost comprise of purchase price, freight, non-refundable taxes and duties, specified foreign exchange gains or losses and any other cost attributable to bring the asset to its working condition for its intended use. Expenditure directly relating to construction activity is capitalised. Indirect expenditure is capitalised to the extent those relate to the construction activity or is incidental thereto. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The Group adopted cost model as its accounting policy, in recognition of property, plant and equipment and recognizes transaction vale as the cost.

Direct expenditure incurred and other attributable costs on projects under implementation are treated as unallocated capital expenditure pending allocation to the assets and under construction or in the process of installation are termed as capital work-in-progress and shown at cost in the Balance Sheet.

Gain or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

*Borrowing costs*
Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss as incurred.

*Depreciation on property, plant and equipment*
Depreciation on property, plant and equipment is provided on straight-line method over their estimated useful lives as estimated by the management. Management has assessed the useful life of its property, plant and equipment on the basis of technical expert advice and past experience in the industry. The details of useful lives as assessed by the management and as prescribed in the Schedule II of the Act is as follows.

| **Particulars** | **Management estimate (No. of years)** | **Schedule II (No. of years)** |
|---|---|---|
| Buildings (Including Roads) | 10- 30 years | 10- 30 years |
| Laboratory equipment | 3-7 years | 10 years |
| Plant and machinery | 20 years | 20 years |
| Computer and related equipment | 3 - 4 years | 3 - 6 years |
| Office equipment | 5 - 10 years | 5 - 10 years |
| Furniture and fixtures | 10 years | 10 years |
| Vehicles | 8 years | 8 years |

Leasehold improvements are depreciated on straight-line method over the lease period or the useful lives as determined by management, whichever is lower.

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

**(l) Intangible assets**

*Software licenses including computer software*

Intangible assets in the nature of software licenses are measured on initial recognition at cost including expenditure incurred towards implementation of such software. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

*Amortization*

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Group amortizes the intangible asset over the best estimate of its useful life.

**2. Summary of significant accounting policies** (continued)

*Technology related intangibles acquired*
Intangible assets purchased or acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and impairment, if any.

*Amortization of technology*
Intangible assets are amortized on a straight-line basis over the estimated useful economic life which in this case estimated to be five years. Further, the amortization period and the amortization method are reviewed atleast once at each financial year end.

*Customer relationships intangible assets acquired*
Intangible assets purchased or acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortization and impairment, if any.

*Amortization of Customer relationships intangible assets*
The intangible assets are amortised over a period of five years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realised.

**(m) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

**2. Summary of significant accounting policies** (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Balancesheet.

**Short-term leases and leases of low-value assets:**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

**(n) Inventories**

Raw material in the nature of chemicals, stores and spares and other consumables are carried at cost. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Group from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the Material cost, Actual cost is used in-case of raw materials for manufacturing activities and moving average cost method is used in all other cases. The carrying cost of chemicals, stores and spares and other consumables are appropriately written down when there is a decline in replacement cost of such materials and final services in which they will be incorporated are expected to be sold below cost.

Cost of work in progress includes cost of material consumed, labour and manufacturing overheads.

Finished goods are valued at cost or net realizable value, whichever is lower.

**(o) Impairment**

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 or CGU. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses of continuing operations are recognised in the statement of profit and loss.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**2. Summary of significant accounting policies** (continued)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill is not reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**(p) Provisions**

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past event i.e., it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

A contract is considered as onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract

**(q) Retirement and other employee benefits**

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Defined contribution plans*

The Group's contribution towards employee provident fund to Government administered provident fund scheme is considered as a defined contribution plan and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered Provident Fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

*Gratuity*

For defined benefit plans in the form of gratuity fund, 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. The contributions made to the fund are recognised as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognised in the Balance Sheet. Re-measurements are recognised in the other comprehensive income, net of tax in the year in which they arise.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

**2. Summary of significant accounting policies** (continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long term employee benefits*

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur

**(r) Share based payments**

**Equity-settled transactions:** The Group measures compensation cost relating to share-based payments using the fair valuation method in accordance with Ind AS 102 (Share Based Payment). Compensation expense is amortized over the vesting period of the option on a straight line basis. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (Black-Scholes valuation model). That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

**(s) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement:**
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liabilities is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Subsequent measurement:** For purposes of subsequent measurement, financial assets are classified in following categories:
- Debt instruments
- Equity instruments

**Debt instruments**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met: a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are

**2. Summary of significant accounting policies** (continued)

recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables. For more information on receivables, refer note 9.

**Equity instruments**

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at fair value through profit or loss. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**Derivative financial instruments and hedge accounting**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

**Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

**2. Summary of significant accounting policies** (continued)

**Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g. loans, deposits, trade receivables and bank balances.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates full provision for all the amounts which the management estimates that they are not recoverable.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

**Loans and borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some of all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down. The fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to borrowings. For more information, refer Note 15.

**Financial guarantee contract**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

As guarantees in relation to loans and other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**2. Summary of significant accounting policies** (continued)

**Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**Derivative financial instruments**

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**Treasury shares:**

The Group has created a Aragen Employees Welfare Trust *(formerly GVK Bio Employees Welfare Trust)* for providing share-based payment to its employees. The Group uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Trust buys shares of the Group from the employees, for future grants to employees in pursuant to the Employee Stock Option Scheme. The Group treats the Trust as its extension and shares held by the Trust are treated as treasury shares. Those equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity of the Group. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in reserve. Share options exercised during the reporting period are satisfied with treasury shares.

**(t) Cash and cash equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**(u) Cash dividend and non-cash distribution to equity holders of the Holding company**

The Group recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(v) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. Current investments are carried at lower of cost and fair value determined on individual investment basis.

The Group reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

**(w) Earnings per equity share**

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

**2. Summary of significant accounting policies** (continued)

**(x) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**(y) Government grants**

The Company recognises Government grants only at their fair value when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues or deducted in reporting the related expense based on the terms of the grant, as applicable.

**(z) Segment reporting**

Segments are identified taking into consideration the internal organization and management structure as well as the differential risk and returns of the segment in accordance with the requirements of Ind AS 'Operating Segment".

- Based on Group's business model, providing contract research and development services has been considered as the only reportable business segment and hence no separate financial disclosures are provided in respect of its single business segment.

- Geographical-wise details of the Group's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are specified in note 37.

**(a) Standards issued but not effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 01 April 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**
The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**3 Property, plant and equipment & Capital work-in-progress**

| | Land^ | Buildings | Plant & Equipment | Laboratory equipment | Furniture and fixtures | Vehicles | Office equipment | Computer and related equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | | |
| **As at 31 March 2021** | **151.22** | **1,621.64** | **1,306.13** | **4,644.68** | **381.78** | **4.28** | **742.76** | **203.17** | **331.63** | **9,387.29** |
| On account of composite scheme of arrangement (refer note 46) | - | - | - | - | (2.53) | - | (3.58) | (50.69) | - | (56.80) |
| On account of business combination (refer note 35) | 73.22 | 22.01 | 57.46 | - | 4.68 | 0.35 | 0.26 | 0.92 | - | 158.90 |
| Additions during the year | 65.55 | 918.37 | 179.76 | 2,155.08 | 207.60 | 2.10 | 496.06 | 92.10 | 0.76 | 4,117.38 |
| Disposals during the year | - | - | (6.90) | (0.48) | (0.69) | (0.05) | (0.33) | - | - | (8.45) |
| Foreign currency translation reserve | - | - | - | 14.16 | - | - | 0.64 | - | 9.65 | 24.45 |
| **As at 31 March 2022** | **289.99** | **2,562.02** | **1,536.45** | **6,813.44** | **590.84** | **6.68** | **1,235.81** | **245.50** | **342.04** | **13,622.77** |
| Additions during the year | - | 144.63 | 209.64 | 1,767.55 | 86.93 | 1.45 | 193.72 | 98.74 | 7.69 | 2,510.35 |
| Disposals during the year | - | - | (7.95) | (2.82) | - | - | (0.01) | - | - | (10.78) |
| Foreign currency translation reserve | - | - | - | 43.15 | - | - | 1.98 | - | 27.06 | 72.19 |
| **As at 31 March 2023** | **289.99** | **2,706.65** | **1,738.14** | **8,621.32** | **677.77** | **8.13** | **1,431.50** | **344.24** | **376.79** | **16,194.53** |
| **Accumulated depreciation** | | | | | | | | | | |
| **As at 31 March 2021** | **-** | **286.63** | **295.79** | **2,187.92** | **167.96** | **1.64** | **392.36** | **148.83** | **138.05** | **3,619.18** |
| On account of composite scheme of arrangement (refer note 46) | - | - | - | - | (2.23) | - | (3.23) | (41.16) | - | (46.62) |
| On account of business combination (refer note 35) | - | 0.55 | 10.57 | - | 1.00 | 0.07 | 0.10 | 0.54 | - | 12.83 |
| Charge for the year | - | 77.54 | 80.02 | 706.18 | 46.96 | 0.67 | 108.93 | 37.88 | 43.31 | 1,101.49 |
| Disposals during the year | - | - | (3.11) | (0.15) | - | - | (0.03) | - | - | (3.29) |
| Foreign currency translation reserve | - | - | - | 13.59 | - | - | 0.44 | - | 4.55 | 18.58 |
| **As at 31 March 2022** | **-** | **364.72** | **383.27** | **2,907.54** | **213.69** | **2.38** | **498.57** | **146.09** | **185.91** | **4,702.17** |
| Charge for the year (Refer note ii) | - | 93.83 | 88.42 | 954.91 | 59.96 | 0.72 | 143.47 | 57.37 | 46.47 | 1,445.15 |
| Disposals during the year | - | - | (5.69) | (1.74) | - | - | - | - | - | (7.43) |
| Foreign currency translation reserve | - | - | - | 25.75 | - | - | 1.38 | - | 15.19 | 42.32 |
| **As at 31 March 2023** | **-** | **458.55** | **466.00** | **3,886.46** | **273.65** | **3.10** | **643.42** | **203.46** | **247.57** | **6,182.21** |
| Net carrying amount as at | | | | | | | | | | |
| **As at 31 March 2023** | **289.99** | **2,248.10** | **1,272.14** | **4,734.86** | **404.12** | **5.03** | **788.08** | **140.78** | **129.22** | **10,012.32** |
| As at 31 March 2022 | 289.99 | 2,197.30 | 1,153.18 | 3,905.90 | 377.15 | 4.30 | 737.24 | 99.41 | 156.13 | 8,920.60 |

**3 Property, plant and equipment & Capital work-in-progress** (continued)

**Note (i):**

^ Includes Land amounting to ₹ 47.95 (31 March 2022: ₹ 47.95) allotted to the Group pursuant to the agreement for sale of land with Telangana State Industrial Infrastructure Corporation Limited (formerly Andhra Pradesh Industrial Infrastructure Corporation Limited), which is pending registration as at 31 March 2023.

Further includes Land amounting to ₹ 47.64 (31 March 2022: ₹ 47.64) allotted to the Group pursuant to the agreement for sale of land with Karnataka Industrial Area Development Board, which is pending registration as at 31 March 2023.

Refer note 15 for the details of assets pledged against borrowings.

**Title deeds of immovable property not held in the name of the Group**

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Relevant line item in the Balance sheet | Property, Plant and Equipment | |
| Description of item of property | Land | |
| Gross carrying value | 95.59 | |
| Title deeds held in the name of | Refer Note (i) above | |
| Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | No | |
| Reason for not being held in the name of the Company | Refer Note (i) above | |

**Capital work-in-progress:**

Capital work-in-progress (CWIP) comprises expenditure for the building, plant and machinery, laboratory and electrical equipment in the course of construction. The balance of CWIP as at 31 March 2023 is ₹1,695.75 (31 March 2022: ₹321.74). The balance of expenditure during construction period pending allocation as at 31 March 2023 is ₹14.79 (31 March 2022: ₹3.84).

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Balance at the beginning of the year | 321.74 | 745.20 |
| On account of composite scheme of arrangement (refer note 46) | - | (10.09) |
| Less: Capitalised during the year | (2,554.38) | (4,131.68) |
| Add: Additions to CWIP during the year | 3,928.39 | 3,718.31 |
| **Balance at the end of the year** | **1,695.75** | **321.74** |

**Ageing for capital work-in-progress as at 31 March 2023 is as follows:**

| | **Amount in CWIP for a period of** | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Projects in progress | 1,583.03 | 64.89 | 4.34 | 43.49 | 1,695.75 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **1,583.03** | **64.89** | **4.34** | **43.49** | **1,695.75** |

**3 Property, plant and equipment & Capital work-in-progress (continued)**

**Ageing for capital work-in-progress as at 31 March 2022 is as follows:**

| | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| Projects in progress | 263.34 | 14.78 | 3.77 | 39.85 | 321.74 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **263.34** | **14.78** | **3.77** | **39.85** | **321.74** |

Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling annual plan.

**Details of expenditure capitalised during the year**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Balance at the beginning of the year | 3.84 | 3.84 |
| Salaries and contract services | 14.75 | - |
| Power and fuel | 3.24 | - |
| Less: Capitalised during the year | (7.04) | - |
| **Balance at the end of the year** | **14.79** | **3.84** |

**Note (ii)**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Depreciation on property plant and equipment | 1,445.15 | 1,101.49 |
| Depreciation on right of use assets | 147.93 | 119.46 |
| Amortisation on intangible assets | 88.62 | 68.03 |
| | **1,681.70** | **1,288.98** |
| Amount capitalised during the year | (8.81) | - |
| **Balance at the end of the year** | **1,672.89** | **1,288.98** |

**3A Right-of-use assets ("ROU Assets") and Lease Liabilities**

Following are the changes in the carrying values of right of use assets for the yer ended 31 March 2023

| | Category of ROU Assets | | | | Total |
|---|---|---|---|---|---|
| | Land | Buildings | Vehicles | Equipments | |
| **Gross carrying amount** | | | | | |
| **Balance as at 31 March 2021** | **203.41** | **484.90** | **16.16** | **145.90** | **850.37** |
| On account of composite scheme of arrangement (refer note 46) | - | (55.69) | - | - | (55.69) |
| Additions during the year | - | 79.83 | 26.77 | - | 106.60 |
| Disposals during the year | - | (43.84) | (10.45) | - | (54.29) |
| Foreign currency translation reserve | - | 10.23 | - | 22.03 | 32.26 |
| **As at 31 March 2022** | **203.41** | **475.43** | **32.48** | **167.93** | **879.25** |
| Additions during the year | - | 57.23 | 18.90 | - | 76.13 |
| Disposals during the year | - | (11.72) | - | - | (11.72) |
| Foreign currency translation reserve | - | 29.52 | - | 5.64 | 35.16 |
| **As at 31 March 2023** | **203.41** | **550.46** | **51.38** | **173.57** | **978.82** |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| **As at 31 March 2021** | **6.28** | **165.63** | **8.85** | **41.44** | **222.20** |
| On account of composite scheme of arrangement (refer note 46) | - | (38.83) | - | - | (38.83) |
| Charge for the year | 3.22 | 79.87 | 6.57 | 29.80 | 119.46 |
| Disposals during the year | - | (28.43) | (10.45) | - | (38.88) |
| Foreign currency translation reserve | - | 3.36 | - | 20.66 | 24.02 |
| **As at 31 March 2022** | **9.50** | **181.60** | **4.97** | **91.90** | **287.97** |
| Charge for the year | 3.22 | 96.37 | 10.73 | 28.80 | 139.12 |
| Reclassification to CWIP | - | 8.81 | - | - | 8.81 |
| Disposals during the year | - | (11.72) | - | - | (11.72) |
| Foreign currency translation reserve | - | 11.17 | - | 6.15 | 17.32 |
| **As at 31 March 2023** | **12.72** | **286.23** | **15.70** | **126.85** | **441.50** |
| | | | | | |
| **Net carrying amount as at 31 March 2023** | **190.69** | **264.23** | **35.68** | **46.72** | **537.32** |
| Net carrying amount as at 31 March 2022 | 193.91 | 293.83 | 27.51 | 76.03 | 591.28 |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the movement in lease liabilities (including accrued interest)

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| **Balance at the beginning of the year** | 466.31 | 494.77 |
| On account of composite scheme of arrangement (refer note 46) | - | (20.07) |
| Additions | 76.13 | 106.60 |
| Deletions from Lease liability | - | (16.36) |
| Finance cost accrued during the year | 25.36 | 27.82 |
| Payment of lease liabilities (incl. interest there on) | (154.76) | (134.12) |
| Foreign currency translation reserve | 12.78 | 7.67 |
| **Balance at the end of the year** | **425.82** | **466.31** |

The following is the break-up of current and non-current lease liabilities

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Current lease liabilities | 130.19 | 123.93 |
| Non-current lease liabilities | 295.63 | 342.38 |
| **Total** | **425.82** | **466.31** |

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Less than one year | 151.06 | 141.26 |
| One to five years | 287.25 | 298.91 |
| More than five years | 317.46 | 347.48 |
| **Total** | **755.77** | **787.65** |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Amounts recognised in the statement of profit and loss**

| | For the year ended | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Interest on lease liabilities | 25.36 | 27.82 |
| Expenses relating to short-term leases | 3.62 | 4.54 |
| Depreciation expense for the year | 139.12 | 119.46 |
| Expenses relating to leases of low-value assets, excluding short-term | - | - |
| | **168.10** | **151.82** |

**4 Goodwill**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Balance at the beginning of the year | 1,618.13 | 558.22 |
| On account of composite scheme of arrangement (refer note 46) | - | (293.49) |
| On account of business combination (refer note 35) | - | 1,353.40 |
| Balance at the end of the year | **1,618.13** | **1,618.13** |

**Goodwill impairment testing**

At subsidiary level (cash generating unit ("CGUs")), the goodwill is tested for impairment annually at the year-end or more frequently if there are indicators that goodwill might be impaired. The goodwill is allocated to CGU's.

The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by Management. Cash flow projections were developed covering a five-year period as at 31 March 2023 and 31 March 2022 respectively which reflects a more appropriate indication/trend of future track of business. Cash flows beyond the five-year period were extrapolated using estimate rates stated below.

**Allocation of goodwill to cash-generating units**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Aragen Bioscience Inc., USA | 264.73 | 264.73 |
| Intox Private Limited, India | 1,353.40 | 1,353.40 |
| | **1,618.13** | **1,618.13** |

The key assumptions for the value-in-use calculations are those regarding the discount rates and terminal growth rates. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The

Key assumptions used for value in use calculations of Aragen Bioscience Inc., are as follows:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Growth rate | 15.05%-36.33% | 20.00%-40.00% |
| Operating margins | 8.00%-24.00% | 15.00%-25.60% |
| Discount rate * | 18.78% | 15.97% |

The management believes that no reasonably possible change in any of the key assumptions used in the value in use calculations would cause the carrying value of the CGU to materially exceed its value in use.

Key assumptions used for value in use calculations of Intox Private Limited are as follows:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Growth rate | 25.00%-37.00% | - |
| Operating margins | 37.68%-44.18% | - |
| Discount rate * | 17.2% | - |

The management believes that no reasonably possible change in any of the key assumptions used in the value in use calculations would cause the carrying value of the CGU to materially exceed its value in use.

*The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets. These estimates are likely to differ from future actual results of operations and cash flows. Based on the above assessment, there has been no impairment of goodwill. Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

**5 Other Intangible assets**

| | Computer Software | Customer Relationships | Developed technology | Trademark | Non-compete | Intellectual property rights | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | |
| **As at 31 March 2021** | **91.65** | **10.66** | **358.48** | **10.73** | **71.89** | **180.92** | **724.33** |
| On account of composite scheme of arrangement (refer note 46) | (13.52) | (10.66) | (358.48) | (10.73) | (71.89) | - | (465.28) |
| On account of Business combination (refer note 35) | 4.53 | 228.00 | - | - | - | - | 232.53 |
| Additions during the year | 14.30 | - | - | - | - | - | 14.30 |
| Disposals during the year | (0.75) | - | - | - | - | - | (0.75) |
| Foreign currency translation reserve | 0.77 | - | - | - | - | 5.67 | 6.44 |
| **As at 31 March 2022** | **96.98** | **228.00** | **-** | **-** | **-** | **186.59** | **511.57** |
| Additions during the year | 44.03 | - | - | - | - | - | 44.03 |
| Foreign currency translation reserve | 2.62 | - | - | - | - | 15.46 | 18.08 |
| **As at 31 March 2023** | **143.63** | **228.00** | **-** | **-** | **-** | **202.05** | **573.68** |
| **Accumulated amortization** | | | | | | | |
| **As at 31 March 2021** | **49.63** | **0.30** | **8.13** | **0.24** | **2.72** | **122.38** | **183.40** |
| On account of composite scheme of arrangement (refer note 46) | (5.40) | (0.30) | (8.13) | (0.24) | (2.72) | - | (16.79) |
| On account of Business combination (refer note 35) | 2.59 | - | - | - | - | - | 2.59 |
| Charge for the year | 19.92 | 27.15 | - | - | - | 20.96 | 68.03 |
| Disposals during the year | (0.74) | - | - | - | - | - | (0.74) |
| Foreign currency translation reserve | 0.40 | - | - | - | - | 4.24 | 4.64 |
| **As at 31 March 2022** | **66.40** | **27.15** | **-** | **-** | **-** | **147.58** | **241.13** |
| Charge for the year | 27.10 | 38.91 | - | - | - | 22.61 | 88.62 |
| Foreign currency translation reserve | 1.54 | - | - | - | - | 13.14 | 14.68 |
| **As at 31 March 2023** | **95.04** | **66.06** | **-** | **-** | **-** | **183.33** | **344.43** |
| **Net carrying amount** | | | | | | | |
| **As at 31 March 2023** | **48.59** | **161.94** | **-** | **-** | **-** | **18.72** | **229.25** |
| As at 31 March 2022 | 30.58 | 200.85 | - | - | - | 39.01 | 270.44 |

## 6 Investments

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Unquoted** | | |
| **Investments designated at fair value through profit & loss (FVTPL)** | | |
| **Investments in equity instruments of other entities** | | |
| 1,510 (31 March 2022: 1,310) equity shares of ₹1,000 each fully paid-up of Mana Effluent Treatment Private Limited, India | 1.51 | 1.31 |
| 51,430 (31 March 2022: 51,430) Equity shares of ₹10 each fully paid-up of Pattancheru Envirotech Limited (held in the name of Dai-Ichi Karkaria Ltd., pending transfer), India. | 0.51 | 0.51 |
| 2,500 (31 March 2022: 2,500)Equity shares of ₹10 each fully paid-up of Saraswat Co-op Bank Ltd., India | 0.02 | 0.03 |
| **Investments in other securities** | | |
| Investment in government securities – National Savings Certificate | 0.01 | 0.01 |
| **Total investments** | **2.05** | **1.86** |
| -Aggregate amount of quoted investments and market value thereof; | - | - |
| -Aggregate amount of unqouted investments; and | 2.05 | 1.86 |
| -Aggregate amount of impairment in value of investments | - | - |

**Note:**
Information about the Group's exposure to credit & market risks and fair value measurement is included in note 29 and note 31.

## 7 Other financial assets

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Non-current** | | |
| (Unsecured, considered good) | | |
| Security deposits | 86.08 | 73.30 |
| Fixed deposits maturing after 12 months from the balance sheet date | 150.00 | 406.22 |
| Interest accrued on fixed deposits | 1.58 | 10.76 |
| | **237.66** | **490.28** |
| **Current** | | |
| Security deposits | 3.20 | 3.30 |
| Interest accrued on fixed deposits | 21.87 | 9.12 |
| Production linked incentive receivable | 33.20 | |
| Derivative instruments: (refer note (ii) below) | | |
| -Foreign exchange forward contracts used for hedging | - | 144.10 |
| Contract assets | 46.37 | - |
| Other assets | 0.36 | 0.36 |
| | **105.00** | **156.88** |
| **Total financial assets** | **342.66** | **647.16** |

(i) Information about the Group's exposure to foreign currency risk, credit risk, interest rate risk and fair value measurement is included in note 29 and note 31.

(ii) **Derivative instruments:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Total derivative instruments at fair value through profit and loss | (63.39) | (10.26) |
| Total derivative instruments through OCI | (145.11) | 144.10 |

The Group is exposed to exchange rate risk which arises from its foreign exchange revenues and expenses, primarily in U.S. dollar and Euro, and foreign currency debt in U.S. dollars. The Group uses forward contracts and swap contracts (derivatives) to mitigate its risk of changes in foreign currency exchange rates.

**7 Other financial assets (continued)**

**Hedges of highly probable forecasted transactions**

Foreign exchange forward contracts that are designated as cash flow hedges and qualify for hedge accounting are fair valued at each reporting date and the resultant gain or loss is recognised in Other Comprehensive Income under 'Cash Flow Hedge' in Equity to the extent considered highly effective and are reclassified into the statement of profit & loss upon occurrence of the hedged transactions. Gain or loss on derivative instruments that are either not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective is recognised in the statement of profit and loss.

In respect of the aforesaid hedges of highly probable forecasted transactions, the Company has recorded, in reserves and surplus, a net loss of (₹ 216.43) for the year ended 31 March 2023 and a net gain of ₹ 4.78 for the year ended 31 March 2022. The Company has also recorded, as part of revenue, a net gain/(loss) of (373.23) and ₹235.19 during the year ended 31 March 2023 and 31 March 2022 respectively.

The net carrying amount of the Company's "hedging reserve" was a gain/(loss) of (₹ 108.60) as at 31 March 2023, as compared to ₹ 107.83 as at 31 March 2022 respectively.

The table below summarises the periods when the forecasted cash flows associated with hedging instruments that are classified as cash flow hedges, are expected to occur:

| **Particulars** | **As at** | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Cash flows in U.S. Dollars and Euros (figures in equivalent ₹ millions)** | | |
| Not later than one month | (62.36) | 23.43 |
| Later than one month and not later than three months | (38.04) | 18.07 |
| Later than three months and not later than six months | (57.18) | 23.26 |
| Later than six months and not later than one year | 15.26 | 67.70 |
| Later than one year | (2.79) | 11.64 |
| **Total** | **(145.11)** | **144.10** |

**8 Inventories**

| | **As at** | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Valued at lower of cost or net realisable value** | | |
| Raw materials, chemicals and consumables | 338.66 | 374.88 |
| Work-in-progress | 191.21 | 451.73 |
| Finished goods | 20.93 | 81.97 |
| Stores and spares | 108.40 | 78.90 |
| | **659.20** | **987.48** |
| The above includes stock in transit: | | |
| Raw materials, chemicals and consumables | 1.16 | 4.27 |
| Finished goods | - | 43.01 |
| Stores and spares | - | 0.08 |
| | **1.16** | **47.36** |

**Note:**

The write down of inventories to net realisable value during the year amounted to ₹ 28.76 (31 March 2022: ₹ 58.30). The write down are included in cost of materials consumed and changes in inventories of work-in-progress and finished goods.

**9 Trade receivables**

| | **As at** | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Unsecured considered good | | |
| - related parties (refer note 41(c)) | 1.40 | 1.37 |
| - other parties | 3,288.74 | 2,430.14 |
| | **3,290.14** | **2,431.51** |
| Unsecured considered doubtful | | |
| - related parties (refer note 41(c)) | 15.75 | 14.48 |
| - other parties | 193.30 | 86.04 |
| | **209.05** | **100.52** |
| Less : Provision for loss allowance | (209.05) | (100.52) |
| **Total trade receivables** | **3,290.14** | **2,431.51** |
| **Break-up of security details** | | |
| Trade receivables considered good - secured | - | - |
| Trade receivables considered good - unsecured | 3,290.14 | 2,431.51 |
| Trade receivables which have significant increase in credit risk | 40.48 | 12.06 |
| Trade receivables - credit impaired | 168.57 | 88.46 |
| **Total** | **3,499.19** | **2,532.03** |
| Less : Provision for loss allowance | (209.05) | (100.52) |
| **Total trade receivables** | **3,290.14** | **2,431.51** |

(i) No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person.
(ii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
(iii) The Group exposure to credit risk and foreign currency risk and loss allowances related to Trade receivables are disclosed in note 31.

**9 Trade receivables (continued)**

(iv) Reconciliation of loss allowance

| Particulars | Amount |
|---|---|
| **Provision for loss allowance as on 01 April 2021** | **396.38** |
| On account of composite scheme of arrangement (refer note 46) | 10.34 |
| Provision for expected credit losses/(reversals) during the year | (22.42) |
| Adjustment against Bad debts written-off | (257.98) |
| Impact of foreign exchange | (25.80) |
| **Provision for loss allowance as on 31 March 2022** | **100.52** |
| Provision for expected credit losses/(reversals) during the year | 106.66 |
| Impact of foreign exchange translations | 1.87 |
| **Provision for loss allowance as on 31 March 2023** | **209.05** |

**Trade Receivables ageing schedule as at 31 March 2023:**

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 6 months** | **6 months -1 year** | **1-2years** | **2-3years** | **More than 3 years** | **Total** |
| (i) Undisputed Trade receivables - considered good | 2,181.39 | 826.26 | 16.84 | 1.57 | - | - | 3,026.06 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | 12.36 | 3.81 | 19.46 | - | - | 35.63 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | 63.27 | 15.90 | 4.95 | 21.56 | 105.68 |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | 5.92 | 1.43 | 2.24 | 2.44 | 12.03 |
| (vi) Disputed Trade Receivables – credit impaired | - | - | 2.43 | 8.77 | - | 39.66 | 50.86 |
| Unbilled Receivables | - | - | - | - | - | - | 268.93 |
| Impairment allowance (allowance for doubtful debts) | - | - | - | - | - | - | (209.05) |
| **Total** | **2,181.39** | **838.62** | **92.27** | **47.13** | **7.19** | **63.66** | **3,290.14** |

**9 Trade receivables (continued)**

**Trade Receivables ageing schedule as at 31 March 2022:**

| | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 6 months** | **6 months -1 year** | **1-2years** | **2-3years** | **More than 3 years** | **Total** |
| (i) Undisputed Trade receivables - considered good | 1,593.98 | 721.87 | - | - | - | - | 2,315.85 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | 2.00 | 2.56 | 7.50 | - | 12.06 |
| (iii) Undisputed Trade Receivables – credit impaired | - | 15.15 | 13.20 | 2.07 | 2.25 | 19.37 | 52.04 |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | 13.90 | 22.52 | 36.42 |
| Unbilled Receivables | - | - | - | - | - | - | 115.66 |
| Impairment allowance (allowance for doubtful debts) | - | - | - | - | - | - | (100.52) |
| **Total** | **1,593.98** | **737.02** | **15.20** | **4.63** | **23.65** | **41.89** | **2,431.51** |

**10 Cash and bank balances**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **(A) Cash and cash equivalents** | | |
| Balances with banks | | |
| -In current accounts | 453.45 | 974.64 |
| -Fixed deposits (Original maturity period less than 3 months) | 50.17 | 1,305.84 |
| Cash on hand | 0.14 | 0.81 |
| | **503.76** | **2,281.29** |
| **(B) Bank balances other than (A) above** | | |
| Deposits with remaining maturity for less than 12 months | 1,033.72 | 1,401.78 |
| Margin money deposits with banks (refer note below) | 6.34 | 6.70 |
| | **1,040.06** | **1,408.48** |

Note:

As at 31 March 2023, the Group had ₹6.34 (31 March 2022 : ₹6.70) margin money deposits which are subject to first charge to secure the Group's letter of credit and bank guarantee arrangements.

**11 Other assets**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| (Unsecured, considered good) | | |
| **Non-current** | | |
| Capital advances | 74.64 | 12.71 |
| Prepaid expenses | 10.63 | 3.56 |
| | **85.27** | **16.27** |
| **Current** | | |
| Advance for expenses | 87.89 | 75.80 |
| Balances lying with government authorities* | 759.48 | 599.84 |
| Prepaid expenses | 178.75 | 109.33 |
| Employee advances | 3.56 | 1.24 |
| Share issue expenses (refer note below) | 78.68 | - |
| | **1,108.36** | **786.21** |

*includes deposits paid under protest of ₹ 6.22 (31 March 2022: ₹ 5.35)

Note: The Company is in the process of filing Draft Red Herring Prospectus with SEBI in connection with the proposed Initial Public Offer ('IPO') of equity shares by way of fresh issue and an offer for sale by the existing shareholders. Accordingly, expenses incurred by the Company aggregating to Rs. 78.68 in connection with filing of Draft Red Herring Prospectus have been shown under "other current assets" as it is shall be partly recovered from the existing shareholders (as per the offer agreement) and partly to be adjusted towards the securities premium.

## 12 Equity share capital

| | As at | | | |
|---|---|---|---|---|
| | 31 March 2023 | | 31 March 2022 | |
| | Number | Amount | Number | Amount |
| **Authorized** | | | | |
| Equity shares of ₹10 each | 14,20,00,000 | 1,420.00 | 11,50,00,000 | 1,150.00 |
| On account of composite scheme of arrangement (refer note 46) | - | - | 2,70,00,000 | 270.00 |
| Increased during the year | 10,80,00,000 | 1,080.00 | - | - |
| | **25,00,00,000** | **2,500.00** | **14,20,00,000** | **1,420.00** |
| **Issued, subscribed and fully paid-up** | | | | |
| Equity shares of ₹10 each | 6,81,38,063 | 681.38 | 6,81,38,063 | 681.38 |
| Add:Bonus shares issued during the year (refer note (e) below) | 13,62,76,126 | 1,362.76 | - | - |
| | **20,44,14,189** | **2,044.14** | **6,81,38,063** | **681.38** |

### (a) Reconciliation of equity shares outstanding at the beginning and end of the reporting year

| | As at | | | |
|---|---|---|---|---|
| | 31 March 2023 | | 31 March 2022 | |
| | Number | Amount | Number | Amount |
| At the beginning of the year | 6,81,38,063 | 681.38 | 6,69,82,452 | 669.82 |
| Shares issued during the year | - | - | 11,55,611 | 11.56 |
| Bonus shares issued during the year(refer note (e) below) | 13,62,76,126 | 1,362.76 | - | - |
| **Balance at the end of the year** | **20,44,14,189** | **2,044.14** | **6,81,38,063** | **681.38** |

### (b) Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Details of shareholders holding more than 5% shares in the Holding Company

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | Number of shares | % of holding | Number of shares | % of holding |
| **Equity shares of ₹10 each fully paid** | | | | |
| Gunupati Aparna Reddy (as a Trustee of Reddy Investment Trust) | 6,88,95,609 | 33.70% | 2,20,56,824 | 32.37% |
| Mr. Davinder Singh Brar | 4,96,64,913 | 24.30% | 1,63,93,860 | 24.06% |
| WSCPVIII (Singapore) Pte. Ltd. | 4,76,05,242 | 23.29% | 1,11,41,008 | 16.35% |
| Madhubani Investments Private Limited | 1,92,30,696 | 9.41% | 64,10,232 | 9.41% |
| Goldman Sachs Capital Holdings III Pte. Ltd | 66,15,072 | 3.24% | 51,59,708 | 7.57% |
| WSCPVIII Emp (Singapore) Pte. Ltd. | 85,69,308 | 4.19% | 46,99,518 | 6.90% |

The Shareholding pattern of the Company changed pursuant to the composite scheme of arrangement during the year ended 31 March 2022. (Refer note 46.)

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

### (d) Shareholding of promoters/promoters group

| | As at 31 March 2023 | | As at 31 March 2022 | | % Change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % of total shares | No. of Shares | % of total shares | |
| Mr. Davinder Singh Brar | 4,96,64,913 | 24.30% | 1,63,93,860 | 24.06% | 0.24% |
| Gunupati Aparna Reddy *(as a Trustee of Reddy Investment Trust)* | 6,88,95,609 | 33.70% | 2,20,56,824 | 32.37% | 1.33% |
| Gunupati Aparna Reddy *(as a Trustee of Reddy Family Trust)* | - | - | 9,08,379 | 1.33% | -1.33% |
| Madhubani Investments Private Limited | 1,92,30,696 | 9.41% | 64,10,232 | 9.41% | 0.00% |
| Mr. Anandbir Singh Brar | - | 0.00% | 1,61,111 | 0.24% | -0.24% |

### (e) Issue of bonus shares

Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on the 25 January 2023 and at the extraordinary general meeting held on 27 January 2023, the members of the Company have approved issue of bonus shares to the existing shareholders of the Company in the ratio of two bonus equity shares of ₹10 each credited as fully paid-up for every equity share of ₹10 each held by the members by capitalising such sums standing to the credit of securities premium and free reserves such as capital redemption reserve, general reserve and retained earnings of the Group. Accordingly, 13,62,76,126 equity shares of ₹10 each were allotted on 29 January 2023 pursuant to the above plan vide adjustment to the balance of securities premium and free reserves as at the date of issue.

The Company has not issued any bonus shares during the past five years other than those disclosed above.

**12 Equity Share capital** (continued)

**(f) Shares reserved for issue under employee stock option scheme(ESOP):**

**Aragen Employee Stock Option Scheme 2007:**

Pursuant to special resolution passed by the members of the Company during their meeting held on the 21 April 2006, the Board of Directors of the Company instituted an Employee Stock Option Plan 'ESOP-2007' with a pool of 450,000 stock options. The said stock options would be granted to the eligible employees, duly identified by the Compensation Committee of the Board of Directors, in various tranches. Each option comprises of one underlying equity share of ₹10 each. The options so granted are subject to progressive vesting over a period of four years from the date of grant on an annual basis in the proportion of 20%, 20%, 30% and 30%, respectively, and can be exercised within a period of 5 years from the date of vesting in the event of Company being listed or the same can be exercised within 5 years from the date of listing or such other early period and such number as determined by Board of Directors of the Company from time to time. Further, the board of directors vide resolution dated 16 March 2017, agreed to issue 3 bonus ESOP's for each ESOP held. Accordingly, adjustments have been made in respect of exercise price and number of ESOP's. Further, the board of directors vide resolution dated 25 January 2023, agreed to issue 2 bonus ESOP's for each ESOP held. Accordingly, adjustments have been made in respect of exercise price and number of ESOP's.

The Group has accounted for employee deferred compensation expense using fair value method for options granted at a price lower than the market values.

Changes in number of shares representing stock options outstanding as at 31 March 2023 were as follows:

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** |
| Outstanding, beginning of the year | 11,25,000 | 12.72 | 3.33 to 56.67 | 34,54,164 | 24.89 | 3.33 to 66.67 |
| Granted during the year | - | - | - | - | - | - |
| Forfeited during the year | - | - | - | - | - | - |
| Exercised during the year | - | - | - | 23,29,164 | 30.77 | 10.00 to 66.67 |
| Outstanding, end of the year | 11,25,000 | 12.72 | 3.33 to 56.67 | 11,25,000 | 12.72 | 3.33 to 56.67 |
| Exercisable at the end of the year | 11,25,000 | 12.72 | 3.33 to 56.67 | 11,25,000 | 12.72 | 3.33 to 56.67 |

*Previous year details are adjusted for Bonus issue

**Aragen Employee Stock Option Plan 2017:**

Pursuant to special resolution passed by the members of the Company during their meeting held on the 24 May 2017, the Board of Directors of the Company instituted an Employee Stock Option Plan 'ESOP-2017' with a pool of 2,000,000 stock options. The said stock options would be granted to the eligible employees, duly identified by the Compensation Committee of the Board of Directors, in various tranches. Each option comprises of one underlying equity share of ₹10 each issued directly by the company or transfer through the trust. The options so granted shall vest within not earlier than one (1) year and not more than four years, and can be exercised in the event of Company being listed or at such times and under other conditions as determined by Board of Directors of the Company set forth in the Grant Letter. The vesting period for the grants during the year are 20%, 25%, 25% and 30%. Further, the board of directors vide resolution dated 25 January 2023, agreed to issue 2 bonus ESOP's for each ESOP held. Accordingly, adjustments have been made in respect of exercise price and number of ESOP's.

Changes in number of shares representing stock options outstanding as at 31 March 2023 were as follows:

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** |
| Outstanding, beginning of the year | 24,07,332 | 122.98 | 78.47 to 234.00 | 31,32,291 | 104.73 | 78.47 to 234.00 |
| Granted during the year | - | - | - | 4,13,160 | 143.18 | 78.47 to 234.00 |
| Forfeited during the year | - | - | - | 450 | 78.47 | 78.47 |
| Exercised during the year | - | - | - | 11,37,669 | 80.08 | 78.47 to 132.00 |
| Outstanding, end of the year | 24,07,332 | 122.98 | 78.47 to 234.00 | 24,07,332 | 122.98 | 78.47 to 234.00 |
| Exercisable at the end of the year | 18,36,735 | 161.18 | 78.47 to 234.00 | 13,76,478 | 83.96 | 78.47 to 132.00 |

*Previous year details are adjusted for Bonus issue

**12 Equity Share capital** (continued)

**Aragen Employee Stock Option Plan 2022:**

Pursuant to special resolution passed by the members of the Company during their meeting held on the 02 December 2022, the Board of Directors of the Company instituted an Employee Stock Option Plan 'ESOP-2022' with a pool of 3,600,000 stock options. The said stock options would be granted to the eligible employees, duly identified by the Board/ Nomination and Remuneration Committee of the Board of Directors, in various tranches. Each option comprises of one underlying equity share of ₹10 each issued directly by the Company or transfer through the Employees Welfare Trust of the Company. The options so granted shall vest within not earlier than one (1) year and not more than four years, and can be exercised in the event of Company being listed or at such times and under other conditions as determined by Board of Directors of the Company set forth in the Grant Letter. The vesting period for the grants during the year is one year from the date of grant.

Changes in number of shares representing stock options outstanding as at 31 March 2023 were as follows:

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** | **Number of options** | **Weighted average exercise price ₹** | **Range of exercise price ₹** |
| Outstanding, beginning of the year | - | - | - | - | - | - |
| Granted during the year | 4,09,040 | 10.00 | 10.00 | - | - | - |
| Forfeited during the year | 53,455 | 10.00 | 10.00 | - | - | - |
| Exercised during the year | - | - | - | - | - | - |
| Outstanding, end of the year | 3,55,585 | 10.00 | 10.00 | - | - | - |
| Exercisable at the end of the year | - | - | - | - | - | - |

The fair value of options was estimated at the date of grant using the Black-Scholes-Merton method with the following assumptions:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Risk free interest rate | 6.76% | 5.46% |
| Remaining contractual life | 0.32 | 0.58 |
| Expected life of share options (years) | 1 year | 0-4 years |
| Expected volatility (%) | 28.38% | 19.94% |
| Expected dividend yield (%) | 0.00% | 0.00% |

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The Management has considered the benchmark with listed Company with similar industry to determine the volatility %.

**Aragen Bioscience Inc. ("Aragen")**

On 9 January 2009, Aragen's board of directors adopted, the Aragen's 2008 Equity Incentive Plan (the plan).
Under the plan, the option exercise price per share would be $1.00 per share. The option granted under the plan would vest over 4 years. The fair value of the option on the grant date is $1.00 per share. The Aragen has granted 396,000 shares under the plan in January 2009. Under the Aragen's Omnibus Equity Incentive Plan (the plan), the option exercise price per share would be $7.42 per share. The Option granted under the plan would vest over 4 years. the fair value of the option on the grant date is $7.42 per share. The Aragen has approved 168,000 shares under the plan in Jul'18.

Changes in number of shares representing stock options outstanding as at 31 March 2023 were as follows:

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price $** | **Range of exercise price $** | **Number of options** | **Weighted average exercise price $** | **Range of exercise price $** |
| Outstanding, beginning of the year | 52,575 | 12.47 | 7.42 to 18.08 | 78,540 | 12.80 | 7.42 to 18.08 |
| Granted during the year | - | - | - | 3,200 | 11.34 | 11.34 |
| Forfeited during the year | 43,935 | 13.26 | 7.42 to 18.08 | 29,165 | - | 13.23 |
| Outstanding, end of the year | 8,640 | 7.42 | 7.42 | 52,575 | 12.47 | 7.42 to 18.08 |
| Exercisable at the end of the year | 8,640 | 7.42 | 7.42 | 32,415 | 12.30 | 12.30 |

The fair value of options was estimated at the date of grant using the Black-Scholes-Merton method with the following assumptions:

| | **31 March 2023** | **31 March 2022** |
|---|---|---|
| Risk free interest rate | Not Applicable | 2.75% |
| Expected life of share options (years) | | 5.51 |
| Expected volatility (%) | | 26.50% |
| Expected dividend yield (%) | | 0.00% |

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

**(g)** During the 5 years ended 31 March 2023 (31 March 2022: Nil) the Holding Company has not bought back any shares.

**(h)** During the 5 years ended 31 March 2023 (31 March 2022: Nil) no shares were allotted as fully paid up pursuant to contract without payment being received in cash.

**13 Other equity**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Securities premium** | | |
| Balance at the beginning of the year | 391.33 | 185.81 |
| Add: Received during the year | - | 205.52 |
| Less: Utilised for bonus issue | (391.33) | - |
| **Balance at the end of the year** | **-** | **391.33** |
| **Treasury shares** | | |
| Balance at the beginning of the year | (146.87) | (148.85) |
| Add: Share purchases during the year | - | 1.98 |
| **Balance at the end of the year** | **(146.87)** | **(146.87)** |
| **Capital reserve** | | |
| Balance at the beginning of the year | (528.34) | 417.76 |
| Add: On account of scheme of arrangement (refer note 46) | - | (946.10) |
| **Balance at the end of the year** | **(528.34)** | **(528.34)** |
| **General reserves** | | |
| Balance at the beginning of the year | 211.05 | 211.05 |
| Less: Utilised for bonus issue | (211.05) | - |
| **Balance at the end of the year** | **-** | **211.05** |
| **Retained earnings** | | |
| Balance at the beginning of the year | 9,271.37 | 7,504.58 |
| Add: Net profit for the year | 2,166.04 | 1,960.70 |
| Add: Other comprehensive income net of tax | (18.17) | 6.09 |
| Less: Transfer to debenture redemption reserve | - | (200.00) |
| Less: Dividends paid | (597.29) | - |
| Less: Utilised for bonus issue | (757.02) | - |
| **Balance at the end of the year** | **10,064.93** | **9,271.37** |
| **Effective portion of cash flow hedge** | | |
| Balance at the beginning of the year | 107.83 | 108.42 |
| Add: On account of scheme of arrangement (refer note 46) | - | (5.37) |
| Add: Other comprehensive income net of tax | (216.43) | 4.78 |
| **Balance at the end of the year** | **(108.60)** | **107.83** |
| **Foreign currency translation reserve** | | |
| Balance at the beginning of the year | (8.40) | 10.58 |
| Add: On account of scheme of arrangement (refer note 46) | - | (2.09) |
| Add: Reserve for the year | 65.59 | (16.89) |
| **Balance at the end of the year** | **57.19** | **(8.40)** |
| **Capital redemption reserve** | | |
| Balance at the beginning of the year | 3.36 | 3.36 |
| Less: Utilised for bonus issue | (3.36) | |
| **Balance at the end of the year** | **-** | **3.36** |
| **Debenture redemption reserve** | | |
| Balance at the beginning of the year | 200.00 | - |
| Add: Transfer from retained earnings | - | 200.00 |
| **Balance at the end of the year** | **200.00** | **200.00** |
| **Share based payment reserve** | | |
| Balance at the beginning of the year | 143.21 | 121.61 |
| Add: Gross compensation for stock options granted during the year | 29.85 | 75.93 |
| Less: Transfer to share premium on account of exercise of options | - | (54.33) |
| **Balance at the end of the year** | **173.06** | **143.21** |
| **Gross obligation to non-controlling interest under put options** | | |
| Balance at the beginning of the year | (4.00) | - |
| Add: On account of Business combination | - | (4.00) |
| **Balance at the end of the year** | **(4.00)** | **(4.00)** |
| **Total other equity** | **9,707.37** | **9,640.54** |

**Nature and purpose of reserves**

**Securities premium**

The amount received in excess of face value of the equity shares is recognised in securities premium. This reserve will be utilised in accordance with the provisions of the Companies act 2013.

**Treasury shares**

Represents equity shares of the Group held by the controlled trusts.

**Capital reserve**

Represents reserve created on merger of Aragen Life Sciences Limited and Inogent Laboratories Private Limited, merger of GVK Davix Technologies Private Limited into Aragen Life Sciences Limited and on consolidation of Aragen Bioscience, Inc.

**General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**Retained earnings**

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Group as dividends / issue of bonus shares to its equity shareholders.

**Share based payment reserve**

The share-based payment reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of lapse, corresponding balance is transferred to general reserve.

**13 Other equity (continued)**

**Effective portion of cash flow hedge**

This reserve represents the cumulative effective portion of change in fair value of derivatives that are designated as cash flow hedges. It will be reclassified to Statement of Profit and Loss in accordance with the Group's accounting policy.

**Capital redemption reserve**

Represents the nominal value of shares bought back by GVK Davix Technologies Private Limited, the erstwhile Parent Company. Refer note 46

**Gross obligation to non-controlling interest under put options**

Represents the fair value of the put option obligation towards the acquisition of balance stake in Intox Private Limited.

**Debenture redemption reserve**

The Holding Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the Holding Company to create DRR out of profits of the Holding Company available for payment of dividend. DRR is required to be created for an amount which is equal to 10% of the value of debentures issued.

**(a) Distribution made and proposed**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Dividends on equity shares declared and paid:** | | |
| Final equity dividend for the year ended 31 March 2022: ₹ 8.64 per share (31 March 2021: ₹ Nil per share) | 597.29 | - |
| **Total** | **597.29** | **-** |
| **Proposed dividends on equity shares#:** | | |
| Proposed final equity dividend for the year ended 31 March 2023: ₹ 2.65 per share (31 March 2022: ₹ 8.64 per share) | 541.70 | 588.71 |
| | **541.70** | **588.71** |

# Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2023.

* Includes an amount of ₹ 15.49 declared and paid by GVK Davix Technologies Private Limited the erstwhile Holding Company which was merged pursuant to the scheme of arrangement and further excludes the dividend relating to shares held by Aragen Employees Welfare Trust ₹ 6.91 (31 March 2022: ₹ Nil)

**(b) Treasury Shares**

| | Number of shares | Amount |
|---|---|---|
| **As at 01 April 2021** | **(8,02,452)** | **(148.85)** |
| Add: Shares acquired during the year | 3,000 | 1.98 |
| **As at 31 March 2022** | **(7,99,452)** | **(146.87)** |
| Add: Shares issued during the year | - | - |
| **As at 31 March 2023** | **(7,99,452)** | **(146.87)** |

**14 Non-controlling interest (NCI)**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Balance at the beginning of the year | 513.07 | 791.74 |
| Add: On account of scheme of arrangement (refer note 46) | - | (791.74) |
| Add: Non-controlling interest arising on the acquisition of subsidiaries (refer note 35) | - | 499.00 |
| Share of profit during the year | 32.67 | 13.93 |
| Share of other comprehensive income during the year | 1.92 | 0.14 |
| **Balance at the end of the year** | **547.66** | **513.07** |

**15 Borrowings**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Non-current borrowings** | | |
| **Secured bank loans** | | |
| -Foreign currency loans (Note (i)) | 131.80 | 282.69 |
| -Indian Rupee term loans (Note (i)) | 2,296.88 | 2,575.00 |
| 7.75% Non-convertible Redeemable Debentures | 1,987.05 | 1,980.84 |
| Less: Current maturities of long-term borrowings | (856.81) | (439.66) |
| | **3,558.92** | **4,398.87** |
| **Current borrowings** | | |
| **Secured bank loans** | | |
| Working capital loans from bank (Note (iii)) | 304.20 | - |
| Foreign currency packing credit and buyers credit loan (Note (ii)) | 565.46 | 333.66 |
| Current maturities of long-term borrowings | 856.81 | 439.66 |
| Unsecured loans from related parties | - | 32.35 |
| | **1,726.47** | **805.67** |

**15 Borrowings** (continued)

**Note (i)**

**a) Details of security of long term borrowings:**

**Foreign currency term loans**

(i) ECB Loan from CITI Bank of ₹ 131.81 (31 March 2022: ₹282.69) has exclusive charge on Property plant & equipment of the plant located at Plot No.94, Lemerthi (V), Ramky SEZ, Parawada, Vishakhapatnam with minimum asset cover of 1.25x.

**Indian rupee term loans**

(i) Term loans of ₹ 478.13 (31 March 2022: ₹ 500.00) from Kotak Mahindra Bank Limited are secured by exclusive charge on Property plant & equipment, movable CWIP excluding immovable property at Nacharam and Bangalore facility with minimum asset cover of 1.25x.

(ii) Term loans of ₹ 468.75 (31 March 2022: ₹ 500.00) from Citi Bank are secured by a exclusive charge on Property plant & equipment of the plant located at Plot No.94, Lemerthi (V), Ramky SEZ, Parawada, Vishakhapatnam with minimum asset cover of 1.25x.

(iii) Term loans of ₹ 300.00 (31 March 2022: ₹400.00) from Federal Bank Limited are secured by first charge on Property plant & equipment excluding immovable property at Mallapur unit with minimum asset cover of 1.25x.

(iv) Term loans of ₹ 562.50 (31 March 2022: ₹ 675.00) from Kotak Mahindra Bank Limited are secured by exclusive charge on Property plant & equipment excluding immovable property at Nacharam facility with minimum asset cover of 1.25x.

(v) Term loans of ₹ 487.50 (31 March 2022: ₹500.00) from Kotak Mahindra Bank Limited are secured by exclusive charge on Property plant & equipment, movable CWIP excluding immovable property at Nacharam and Bangalore facility with minimum asset cover of 1.25x.

**7.75% Non-convertible Redeemable Debentures**

7.75% Non-convertible debentures of ₹1,983.88 (31 March 2022: ₹ 1,980.84) are issued on private placement by the Holding Company during the year. Such debentures are secured by first charge on Property plant & equipment, movable CWIP including immovable property at Mallapur unit with minimum asset cover of 1.25x and are repayable at the end of 36 months form the date of allotment.

**b) Terms of repayment of long term borrowings:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Within 1 year | 856.81 | 439.66 |
| 1 - 2 years | 2,499.54 | 846.15 |
| 2 - 5 years | 1,059.38 | 3,440.22 |
| > 5 years | - | 112.50 |
| | **4,415.73** | **4,838.53** |

**c)** The foreign currency loans carries an annual interest rate in the range of 2.46% - 6.31% (31 March 2022: 1.90% - 3.80%) and is repayable in quarterly instalments as agreed. Indian Rupee loans carry an annual fixed rate of interest in the range of 7.00% - 7.75% (31 March 2022: 7.00% - 7.75%) and is repayable in quarterly/half yearly/tri-annually instalments as agreed.

**Note (ii)**

Foreign currency packing credit and buyers' credit are repayable over a period of three to six months and are secured against first charge on current assets including, receivables. These loans carry an annual interest rate in the range of 0.74% to 6.18% (31 March 2022: 0.80% to 2.25%) per annum.

**Loan covenants**

Bank loans contain certain debt covenants relating to limitation on indebtness, debt equity ratio, net borrowings to Earnings before interest, taxes, depreciation, amortization ratio and debt service coverage ratio. The Group has satisfied all debt covenants prescribed in the terms of bank loan.

**Note (iii)**

Working capital loans from banks, are secured by: Pari-passu first charge on the current assets of the Company. These loans carry annual interest rate in the range of 6.31% (31 March 2022: Nil) per annum.

**Note (iv)**

**Reconciliation of Liabilities from Financing Activities**

| | Liabilities from financing activities | | | Total |
|---|---|---|---|---|
| | **Non-Current borrowings (incl., current maturities)** | **Current borrowings** | **Interest accrued*** | |
| **As at 31 March 2021** | **1,680.84** | **989.61** | **31.84** | **2,702.29** |
| Cash flows | 3,168.36 | (419.29) | - | 2,749.07 |
| On account of composite scheme of arrangement (refer note 46) | - | (200.91) | - | (200.91) |
| Foreign exchange adjustments | (10.67) | (3.40) | - | (14.07) |
| Interest expense | - | - | 206.59 | 206.59 |
| Interest paid | - | - | (178.99) | (178.99) |
| **As at 31 March 2022** | **4,838.53** | **366.01** | **59.44** | **5,263.98** |
| Cash flows | (405.89) | 495.88 | - | 89.99 |
| Foreign exchange adjustments | (16.91) | 7.77 | - | (9.14) |
| Interest expense | - | - | 370.33 | 370.33 |
| Interest paid | - | - | (352.12) | (352.12) |
| **As at 31 March 2023** | **4,415.73** | **869.66** | **77.65** | **5,363.04** |

* Includes Interest accrued on MSME dues ₹4.45 (31 March 2022: ₹5.45) and excludes interest on lease liabilities ₹25.36 (31 March 2022: ₹27.84).

15 **Borrowings** (continued)

**Note (v) Sensitivity:**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates

| | Change in rate | Impact on profit after tax | |
|---|---|---|---|
| | | 31 March 2023 | 31 March 2022 |
| Foreign currency loans | Increase by 1% | (5.22) | (4.61) |
| | Decrease by 1% | 5.22 | 4.61 |
| INR Loans | | | |
| | Increase by 1% | (19.46) | (19.27) |
| | Decrease by 1% | 19.46 | 19.27 |

16 **Provisions**

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| **Non-current** | | |
| Provision for employee benefits | | |
| -Gratuity (refer note 24(b)) | 210.17 | 173.75 |
| | **210.17** | **173.75** |
| **Current** | | |
| Provision for employee benefits | | |
| -Gratuity (refer note 24(b)) | 35.15 | 15.35 |
| -Compensated absences | 129.19 | 121.33 |
| | **164.34** | **136.68** |

17 **Trade payables**

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| **Trade payables** | | |
| - related parties (note 41(c)) | 3.13 | 9.27 |
| -Total oustanding dues of micro and small enterprises | 122.42 | 129.22 |
| -Total outstanding dues of creditors other than micro and small enterprises | 1,022.37 | 1,124.68 |
| | **1,147.92** | **1,263.17** |

(a) Trade payables are non-interest bearing and are normally settled on 0-90 day terms

(b) Information about the companies exposure to foreign currency risks, liquidity risk and fair value measurement is included in note 30 and note 31.

**Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006('MSMED Act')**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 has been made in the financial statements based on information received and available with the Group. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier under the said Act.

| | As at | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| (i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year | | |
| - Principal amount due to micro and small enterprise | 122.42 | 129.22 |
| - Interest due on above | 0.41 | 0.43 |
| (ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | 999.12 | 697.18 |
| (iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of the accounting year | 4.45 | 5.45 |
| (v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006 | 34.97 | 30.52 |

Due 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.

**17 Trade payables (continued)**

**Trade payables ageing schedule as at 31 March 2023**

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 76.17 | 59.61 | 0.92 | 0.62 | 7.89 | 145.21 |
| (ii) Others | 359.60 | 296.99 | 2.35 | 15.14 | 7.91 | 681.99 |
| (iii) Disputed dues-MSME | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - |
| (v) Accrued for expenses | - | - | - | - | - | 320.72 |
| | **435.77** | **356.60** | **3.27** | **15.76** | **15.80** | **1,147.92** |

**Trade payables ageing schedule as at 31 March 2022**

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 79.22 | 42.97 | 0.84 | 0.61 | 5.58 | 129.22 |
| (ii) Others | 392.26 | 317.47 | 5.15 | 4.35 | 3.99 | 723.22 |
| (iii) Disputed dues-MSME | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - |
| (v) Accrued for expenses | - | - | - | - | - | 410.73 |
| | **471.48** | **360.44** | **5.99** | **4.96** | **9.57** | **1,263.17** |

**18 Other financial liabilities**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Non-current** | | |
| Put option liability (refer note 35) | 4.00 | 4.00 |
| | **4.00** | **4.00** |
| **Current** | | |
| **At amortised cost** | | |
| Creditors for capital expenditure | 578.40 | 331.24 |
| Creditors for expenses | 4.93 | 44.87 |
| Refundable deposits | 1.56 | 1.56 |
| Dues to employees | 289.34 | 359.00 |
| Derivative instruments: (Refer note 7) | | |
| -Foreign exchange forward contracts used for hedging | 145.11 | - |
| -Other Foreign exchange forward contracts | 63.39 | 10.26 |
| Interest accrued but not due on borrowings and lease liabilities | 77.65 | 59.44 |
| Liability under Share Purchase agreement (refer note 35) | - | 507.00 |
| Dividend received on behalf of Shareholders | - | 227.11 |
| | **1,160.38** | **1,540.48** |

(a) Information about the companies exposure to foreign currency risks, liquidity risk and fair value measurement is included in note 30 and note 31.

**19 Other current liabilities**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Advances received from customers | 248.24 | 562.64 |
| Liability towards Corporate Social Responsibility (refer note 44) | 21.51 | 20.63 |
| Statutory liabilities | 82.95 | 67.44 |
| Unearned revenue | 206.80 | 98.39 |
| Other liabilities | 24.90 | 0.19 |
| | **584.40** | **749.29** |

**20 Revenue from operations**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Sale of goods:** | | |
| - Pharmaceutical products sales | 4,735.28 | 3,745.98 |
| **Revenue from services:** | | |
| - Contract research services | 12,533.46 | 10,070.92 |
| Other operating revenues | 97.27 | 56.71 |
| | **17,366.01** | **13,873.61** |

Revenues from Contracts with Customers establishes a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognising revenue when or as performance obligations are satisfied.

In relation to information about the Group's performance obligations in contracts with customers refer note 2(i). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹123.16 (31 March 2022: ₹47.99) out of which 100% is expected to be recognised as revenue in the next year. No consideration from contracts with customers is excluded from the amount mentioned above.

**Information about products and services**

The Group deals in different types of products and services

| | Timing of recognition (Over the period / Point in time) | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| Sale of goods | Point in time | 4,735.28 | 3,745.98 |
| Sales of services | Over the period | 12,533.46 | 10,070.92 |
| **Total** | | **17,268.74** | **13,816.90** |

**Contract balances:**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Trade receivables | 3,290.14 | 2,431.51 |
| Contract assets | 46.37 | - |
| Contract liabilities - Customer advances | 248.24 | 562.64 |

Refer note 37 for disaggregated revenue details by geography.

**Reconciliation of revenue with contract price**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Contract price (refer note 7(ii)) | 17,285.12 | 13,846.15 |
| Less : Discounts | 16.38 | 29.25 |
| **Revenue from operations** | **17,268.74** | **13,816.90** |

**Change in Contract liabilities - advances from customers**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Balance at the beginning of the year | 562.64 | 380.24 |
| Movement during the year on account of transactions in revenue | (314.40) | 182.40 |
| **Balance at the end of the year** | **248.24** | **562.64** |

**21 Other income**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Interest income on fixed deposits | 109.79 | 59.15 |
| Liabilities no longer required written back | 10.48 | 30.28 |
| Foreign exchange fluctuations, net | 13.32 | 34.13 |
| Income from Investment | - | 0.65 |
| Other non-operating income | 18.53 | 20.73 |
| Interest income on loans and advances | 2.19 | 2.65 |
| | **154.31** | **147.59** |

**22 Cost of material consumed**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Inventory at the beginning of the year | 329.41 | 284.67 |
| Add: Purchases of raw materials | 1,741.13 | 2,034.97 |
| | **2,070.54** | **2,319.64** |
| Less: Inventory at the end of the year | 283.75 | 329.41 |
| | **1,786.79** | **1,990.23** |

**23 Changes in inventories of Work-in-progress and finished goods**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Opening Stock | | |
| Finished goods | 81.97 | 8.18 |
| Work-in-progress | 442.76 | 262.74 |
| Closing stock | | |
| Finished goods | 20.59 | 81.97 |
| Work-in-progress | 182.62 | 442.76 |
| | **321.52** | **(253.81)** |

**24 Employee benefits expense**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Salaries and wages | 4,532.99 | 3,616.96 |
| Employee stock compensation expenses | 29.81 | 75.93 |
| Contribution to provident and other funds (note a) | 152.64 | 114.35 |
| Gratuity and compensated absences (note b) | 92.92 | 62.37 |
| Staff welfare expenses | 311.07 | 242.04 |
| | **5,119.43** | **4,111.65** |

**a. Defined contribution plan**

During the year ended 31 March 2023, the Group contributed ₹106.22 (31 March 2022: ₹73.29) to provident fund, ₹8.47 (31 March 2022: ₹7.10) towards employee state insurance fund, ₹21.33 (31 March 2022: ₹ 21.84) towards Individual Retirement Account (IRA) and ₹16.62 (31 March 2023: ₹12.12) towards National Pension scheme.

**b. Defined benefit plan**

The Group has a funded defined plan, viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

**Changes in present value of defined benefit obligation:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Defined benefit obligation at beginning of the year | 189.67 | 181.45 |
| On account of composite scheme of arrangement (refer note 46) | - | (30.28) |
| On account of Business combination (refer note 35) | - | 25.43 |
| Current service cost | 38.82 | 33.62 |
| Interest cost | 12.84 | 10.96 |
| Benefits paid | (17.41) | (22.97) |
| Actuarial losses on obligation | 21.49 | (8.54) |
| Defined benefit obligation at end of the year | **245.41** | **189.67** |

**The fair value of defined benefit plan assets are as follows:**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Fair Value of Plan Assets at the beginning of the year | 0.57 | 7.35 |
| Add: Return on plan assets | - | 0.22 |
| Less: Benefit refund to be received by the company | - | (0.39) |
| Less: Benefits paid from the plan during the year | (0.47) | (6.61) |
| **Fair Value of Plan Assets at the end of the year** | **0.10** | **0.57** |

**Reconciliation of present value of obligation and the fair value of plan assets**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Present value of defined benefit obligation | 245.42 | 189.67 |
| Fair value of plan assets at the end | (0.10) | (0.57) |
| Net liability recognised in the balance sheet | **245.32** | **189.10** |
| | | |
| **Current & Non-current bifurcation of net liability** | | |
| Current | 35.15 | 15.35 |
| Non-current | 210.17 | 173.75 |
| | **245.32** | **189.10** |

**The amounts recognized in the Statement of Profit and Loss and Other Comprehensive Income are as follows:**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **In Statement of Profit and Loss under "Employee benefits expense"** | | |
| Current service cost | 38.82 | 33.62 |
| Interest cost | 12.84 | 10.96 |
| Return on plan assets | - | - |
| | **51.66** | **44.58** |
| **In Statement of Other Comprehensive Income** | | |
| Actuarial loss | 21.49 | (8.50) |
| Return on Plan Assets(excluding Interest income) | - | 0.29 |
| | **21.49** | **(8.21)** |
| **Total** | **73.15** | **36.37** |

The assumptions used in accounting for the gratuity plan are set out as below:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Discount rate | 7.30 to 7.44% | 6.80% to 7.1% |
| Retirement age | 58 to 60 years | 58 to 60 years |
| Salary escalation | 6% to 8% | 6% to 20% |
| Attrition rate | 8% to 20% | 8% to 13% |
| Mortality rate | IALM (2012-14) Ult. | IALM (2012-14) Ult. |

**24 Employee benefits expense** (continued)

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. Further, the Group has invested a part of the accrued liability as of 31 March 2023. The Group evaluates these assumptions annually based on its long-term plans of growth and industry standards.

**Plan assets:**

The plan assets comprise of debt and equity securities through a scheme of cash contribution for a scheme of insurance taken with Kotak Mahindra Life Insurance Company Ltd. ('Insurer'), which is a qualified insurer. The details of individual category of investments that comprise of the total plan assets have not been provided by the insurer.

**Impact on defined benefit obligation**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Assumptions** | | |
| Sensitivity level | | |
| - Attrition rate : increase by 1 % | 252.14 | 189.28 |
| - Attrition rate : decrease by 1 % | (253.77) | (190.00) |
| - Salary escalation : increase by 1 % | 264.26 | 203.50 |
| - Salary escalation : decrease by 1 % | (242.26) | (177.18) |
| - Discount rate : increase by 1 % | (243.63) | (175.48) |
| - Discount rate : decrease by 1 % | 263.55 | 205.95 |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Maturity profile of defined benefit obligation

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Within 1 year | 35.25 | 15.35 |
| 2 - 5 years | 131.74 | 71.08 |
| 6 - 10 years | 107.05 | 92.43 |
| Above 10 years | 98.93 | |

The Group provides compensated absences benefits to the employees of the Group which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. During the year ended 31 March 2023, the Group has incurred an expense on compensated absences amounting to ₹63.53 (31 March 2022 ₹22.77). The Group determines the expense for compensated absences basis the actuarial valuation, using the Projected Unit Credit Method.

**Code on Social Security, 2020:**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**25 Finance costs**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Interest on borrowings | 345.89 | 178.94 |
| Interest expense on lease liability | 25.36 | 27.84 |
| Other borrowing cost* | 17.81 | 28.29 |
| | **389.06** | **235.07** |

*Exchange difference to the extent considered as an adjustment to borrowing cost.

**26 Other expenses**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Direct expenses:** | | |
| Consumption of chemicals and spares | 2,637.53 | 2,001.27 |
| Job work charges | 102.11 | 62.58 |
| Subscription fees | 106.31 | 111.96 |
| Other direct expenses | 115.35 | 119.60 |
| **Indirect expenses:** | | |
| Power and fuel | 618.96 | 436.05 |
| Rent | 3.62 | 4.54 |
| Repairs and maintenance | | |
| - Buildings | 54.19 | 37.54 |
| - Machinery | 237.24 | 203.87 |
| - Others | 65.28 | 60.69 |
| Insurance | 49.72 | 35.93 |
| Bank charges | 16.45 | 21.40 |
| Rates and taxes | 49.28 | 35.99 |
| Communication expenses | 13.05 | 12.74 |
| Contract services | 118.85 | 107.25 |
| Office maintenance expenses | 168.72 | 144.55 |
| Travelling and conveyance | 86.57 | 52.33 |
| Consultancy and professional charges (refer note a below) | 175.80 | 252.90 |
| Corporate social responsibility expenditure (refer note 44) | 42.51 | 28.73 |
| Printing and stationery | 5.18 | 3.81 |
| Carriage outwards | 61.56 | 41.34 |
| Effluent treatment charges | 50.81 | 63.48 |
| Loss of sale of asset | 0.44 | 2.00 |
| (Reversal)/provision for loss allowance (refer note 9) | 106.66 | (22.42) |
| Business development expenses | 195.76 | 83.23 |
| Water charges | 38.46 | 28.26 |
| Miscellaneous expenses | 44.72 | 45.80 |
| | **5,165.13** | **3,975.42** |

**(a) Payments to the auditor** (excl. taxes)

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| -As Auditor | | |
| - statutory audit fee (including fees for undertaking limited review and interim audit) | 4.50 | 5.40 |
| - certification | 0.26 | 0.87 |
| -For reimbursement of expenses | 0.14 | 0.15 |
| | **4.90** | **6.42** |

Note : Above amounts excludes the audit fees of ₹18.89 million related to share issue expenses. (refer note 11)

**27 Income taxes**

**A. Tax expense in the statement of profit and loss**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Current taxes | 948.07 | 661.21 |
| Deferred taxes | (81.28) | 37.82 |
| **Tax expense reported in the statement of profit or loss** | **866.79** | **699.03** |

**Tax expense charged to OCI**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Tax related to items in OCI during the year:** | | |
| Deferred tax impact due to remeasurements of Hedging Contracts | (72.78) | 1.61 |
| Current tax impact due to remeasurements of defined benefit plans | (5.29) | 1.98 |
| **Tax expense reported in OCI** | **(78.08)** | **3.59** |

Entire deferred income tax relates to origination and reversal of temporary differences.

**B. Non-current tax assets, net**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Advance tax, (net of provision for tax 1,568.90 (31 March 2022 ₹1,778.76) (refer note below) | 204.83 | 331.51 |
| | **204.83** | **331.51** |

**C. Current tax liabilities, net**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Provision for tax, (net of advance tax ₹2,331.91 (31 March 2022 ₹1,957.39) (refer note below) | 117.88 | 157.06 |
| | **117.88** | **157.06** |

**Note:**
Includes an amount paid under protest of ₹ 38.51 (31 March 2022: ₹ 35.09)

**27 Income taxes (Continued)**

**D. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Accounting profit before tax | 3,065.50 | 2,673.66 |
| At India's statutory income tax rate of 25.168% (31 March 2022: 25.168%) | 771.53 | 672.91 |
| Non-deductible expenses for tax purposes | 11.97 | 17.61 |
| Tax incentive | (33.59) | (14.78) |
| Exempt Income | - | (3.03) |
| Tax losses / Profits for which no deferred income tax was recognised | 92.24 | 33.82 |
| Current tax relating to prior years | 15.21 | 20.81 |
| Others | 9.43 | (28.31) |
| **Total tax expense** | **866.79** | **699.03** |
| **Income tax expense reported in the statement of profit and loss** | **866.79** | **699.03** |

**E Deferred tax assets, net**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows: | | |
| **Deferred income tax liabilities** | | |
| Property, plant and equipment | 140.08 | 147.53 |
| Derivative instruments | - | 36.27 |
| Others | 3.53 | 3.53 |
| | **143.61** | **187.33** |
| **Deferred income tax assets** | | |
| Accrued compensation to employees | 78.43 | 52.16 |
| Derivative instruments | 65.68 | |
| Impairment allowance on trade receivables | 43.73 | 19.65 |
| Statutory bonus | 0.42 | 0.38 |
| Impact of deduction of Section 80JJAA of Income Tax Act, 1961 | 18.28 | - |
| Others | 4.66 | 27.99 |
| Leases | 2.78 | 3.46 |
| | **213.98** | **103.64** |
| **Deferred tax (liabilities)/assets, net** | **70.37** | **(83.69)** |

**F Reconciliation of deferred tax assets/(liabilities) (net):**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Balance at the beginning of the year** | **(83.69)** | **66.42** |
| On account of Business combination (refer note 35) | - | (50.75) |
| On account of composite scheme of arrangement (refer note 46) | - | (59.93) |
| Tax income/(expense) during the year recognised in profit or loss | 81.28 | (37.82) |
| Tax income/(expense) during the year recognised in OCI | 72.78 | (1.61) |
| **Balance at the end of the year** | **70.37** | **(83.69)** |

Deferred tax assets and deferred tax liabilities have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

**28 Earnings per Equity share (EPES)**

Basic EPS amount are calculated by dividing the profit for the year attributable to equity holders of the holding company by the weighted average number of equity shares outstanding during the year.

The following reflects the income and share data used in the basic EPS computations:

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Profit for the year attributable to equity holders of Holding Company | 2,166.04 | 1,960.70 |
| Weighted average number of equity shares in calculating basic EPS | 20,20,15,833 | 20,14,51,113 |
| Nominal value per equity share | 10.00 | 10.00 |
| **Effect of dilution:** | | |
| -Stock options granted under ESOP | 26,06,193 | 23,03,490 |
| Weighted average number of equity shares used in computation of diluted EPS* | **20,46,22,026** | **20,37,54,603** |

*The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of theses financial statements except as disclosed in the note below.

#Pevious year numbers are adjusted for bonus shares issued during the current year.

| **Earnings per Equity share (EPES)** | **31 March 2023** | **31 March 2022** |
|---|---|---|
| Basic | 10.72 | 9.73 |
| Diluted | 10.59 | 9.62 |

**29 (i) Breakup of financial assets and financial liabilities carried at amortized cost**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Financial assets** | | |
| Loans | - | - |
| Trade receivables | 3,290.14 | 2,431.51 |
| Cash and cash equivalents | 503.76 | 2,281.29 |
| Bank balances other than above | 1,040.06 | 1,408.48 |
| Other financial assets | 342.66 | 503.06 |
| **Total** | **5,176.62** | **6,624.34** |
| **Financial liabilities** | | |
| Non-current borrowings | 3,558.92 | 4,398.87 |
| Lease liability | 425.82 | 466.31 |
| Current borrowings | 1,726.47 | 805.67 |
| Trade payables | 1,147.92 | 1,263.17 |
| Other financial liabilities | 955.88 | 1,534.22 |
| **Total** | **7,815.01** | **8,468.24** |

**(ii) Breakup of financial assets and financial liabilities carried at fair value through profit and loss**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Financial Assets** | | |
| Investments | 2.05 | 1.86 |
| **Financial Liability** | | |
| Derivative instruments | (63.39) | (10.26) |

**(iii) Breakup of financial assets and financial liabilities carried at fair value through Other comprehensive income**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Financial Asset** | | |
| Derivative Instruments | - | 144.10 |
| **Financial Liability** | | |
| Derivative Instruments | 145.11 | - |

(i) The Group's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Group also holds FVTPL (Fair value through profit and loss) investments.

(ii) The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. For all other amortised cost instruments, carrying value represents the best estimate of fair value. For the financial assets measured at fair values, the carrying amounts are equal to the fair values.

(iii) The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**30 Significant accounting judgements, estimates and assumptions**

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses 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.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Share-based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 13.

**Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (“ECL”) model for measurement and recognition of impairment loss on financial assets measured at amortised cost. Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

**30 Significant accounting judgements, estimates and assumptions** (continued)

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the forecast for future years. These do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognized by the Group.

**Revenue recognition -**

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Revenue from milestone based research activities is recognized when earned, as evidenced by written acknowledgment from the collaborator or other persuasive evidence that the milestone has been achieved, provided that the milestone event is substantive. A milestone event is considered to be substantive if its achievability was not reasonably assured at the inception of the arrangement and the Group’s efforts led to the achievement of the milestone (or if the milestone was due upon the occurrence of a specific outcome resulting from the Group’s performance). Events for which the occurrence is either contingent solely upon the passage of time or the result of counterparty’s performance are not considered to be milestone events. If both of these criteria are not met, the milestone payment is recognized over the remaining minimum period of the Group’s performance obligations under the arrangement. The Group assesses whether a milestone is substantive at the inception of each arrangement.

**31 Financial risk management objectives and policies**

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s principal financial assets include loans, trade and other receivables, and cash and bank balances that derive directly from its operations and also enters into derivative operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The senior management provides assurance to the Holding Company’s Board that the Group’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group’s policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group’s policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**(i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises primarily of currency and interest rate risk. Financial instruments affected by market risk include trade and other receivables and derivatives, trade payables and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2023 and 31 March 2022. The sensitivity analyses have been prepared on the basis that the amount of trade and other receivables in foreign currencies and investments are all constant and on the basis of hedge designations in place at 31 March 2023.

The following assumptions have been made in calculating the sensitivity analyses:

(1) The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2023 and 31 March 2022. Refer note 15 (v) for interest rate sensitivity analysis.

**31 Financial risk management objectives and policies** (continued)

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group and the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the floating interest rate borrowings. The Group's investment in deposits with banks are for short durations and therefore do not expose the Group to significant interest rate risk. Further, the loans extended by the Group carries a fixed interest rate and therefore not subject to interest rate risk since neither the carrying value nor the future cash flows will fluctuate because of the change in market interest rates.

The Group's exposure to changes in interest rates relates primarily to the Group's outstanding floating rate debt. A major portion of foreign currency debt is linked to international interest rate benchmarks like SOFR and LIBOR. The Group also hedges a major portion of these risks by entering into derivative instruments like interest rate swaps and currency swaps and hence is not exposed to significant interest rate risk. Refer note 15(v) for interest rate sensitivity.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The following are the outstanding forward exchange contracts entered into by the Group in foreign currency:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Currency forwards** | | |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (USD in Million) | 188.48 | 178.70 |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (₹ in Million) - at MTM | (145.11) | 144.10 |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (Euro in Million) | 3.00 | - |
| Foreign exchange forward contracts designated at FVTOCI (Cashflow hedge) (₹ in Million) - at MTM | 1.25 | - |
| Foreign exchange forward contracts designated at FVTPL (Fair value hedge) (USD in Million) | 2.00 | 1.80 |
| Foreign exchange forward contracts designated at FVTPL (Fair value hedge) (₹ in Million) - at MTM | 0.54 | 1.84 |
| Foreign exchange forward contracts designated at FVTPL (Interest rate swaps) (USD in Million) | 10.07 | 16.98 |
| Foreign exchange forward contracts designated at FVTPL (Interest rate swaps) (₹ in Million) - at MTM | (63.93) | (8.57) |

**Foreign currency sensitivity**

The following table demonstrate the sensitivity to a reasonably possible change in USD, GBP and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Change in USD rate - 5% increase | | |
| -Effect on PBT and equity | 93.59 | 16.70 |
| Change in USD rate - 5% decrease | | |
| -Effect on PBT and equity | (93.59) | (16.70) |
| Change in GBP rate - 5% increase | | |
| -Effect on PBT and equity | 0.43 | (0.00) |
| Change in GBP rate - 5% decrease | | |
| -Effect on PBT and equity | (0.43) | 0.00 |
| Change in Euro rate - 5% increase | | |
| -Effect on PBT and equity | (5.17) | (0.10) |
| Change in Euro rate - 5% decrease | | |
| -Effect on PBT and equity | 5.17 | 0.10 |

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in US dollars, GBP and Euro rates, where the functional currency of the entity is a currency other than those currencies. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

**31 Financial risk management objectives and policies** (continued)

**(ii) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The carrying amount of the Financial assets represents the maximum credit risk exposure.

**Trade receivables**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.
The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Refer note 9 for details

**Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the Group's finance team in accordance with the Holding Company's policy. Investments of surplus funds are made only with approved and reputed banks and within credit limits assigned to each bank. The amounts invested and details of relevant banks are reviewed by the Group's Board of directors on annual basis.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's treasury department is responsible for managing the short-term and long term liquidity requirements of the Group. Short term liquidity situation is reviewed daily by treasury. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The carrying value of the Group's financial liabilities are disclosed in note 3A and note 15, 17 and 18 of the consolidated financial statements.
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **On demand** | | |
| - Borrowings | - | 32.35 |
| **Less than 1 year** | | |
| - Borrowings | 1,726.47 | 773.32 |
| - Other financial liabilities | 1,160.38 | 1,540.48 |
| - Trade payables | 1,147.92 | 1,263.17 |
| - Lease liabilities | 151.06 | 141.26 |
| **1 to 2 years** | | |
| - Borrowings | 2,499.54 | 846.15 |
| - Lease liabilities | 126.17 | 122.03 |
| **2 to 5 years** | | |
| - Borrowings | 1,059.38 | 3,440.22 |
| - Lease liabilities | 161.08 | 176.88 |
| - Other financial liabilities | 4.00 | 4.00 |
| **> 5 years** | | |
| - Borrowings | - | 112.50 |
| - Lease liabilities | 317.46 | 347.48 |

**31 Financial risk management objectives and policies** (continued)

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

**Collateral**

The Group has pledged part of its short-term deposits in order to fulfil the collateral requirements for the borrowings availed. At 31 March 2023 and 31 March 2022 the fair values of the short-term deposits pledged were ₹6.34 and ₹6.70. The counterparties have an obligation to return the securities to the Group. The Group has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

**32 Capital management**

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonus shares to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to maintain optimum gearing ratio. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

| | **As at** | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Borrowings (Note 15) | 5,285.39 | 5,204.54 |
| Trade payables (Note 17) | 1,147.92 | 1,263.17 |
| Other financial liabilities (Note 18) | 1,164.38 | 1,544.48 |
| Lease liabilities (Note 3A) | 425.82 | 466.31 |
| Less: Cash and bank balances (Note 10)* | (1,693.82) | (4,095.99) |
| **Net debt** | **6,329.69** | **4,382.51** |
| Equity | 12,299.17 | 10,834.99 |
| **Total equity** | **12,299.17** | **10,834.99** |
| **Gearing Ratio** | **0.51** | **0.40** |

* Includes Fixed deposits maturing after 12 months from the balance sheet date (refer note 7).

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023 and year ended 31 March 2022.

**33 Hedging activities and derivatives**

**Derivatives not designated as hedging instruments**

The Group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 12 months.

**34 Information about subsidiaries**

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

| Name | Principal activities | Country of Incorporation | % equity interest as at | |
|---|---|---|---|---|
| | | | 31 March 2023 | 31 March 2022 |
| Aragen Bioscience, Inc. | Contract research and development services | United States of America | 100.00% | 100.00% |
| Aragen Lifesciences B.V. Netherlands *(formerly GVK Biosciences B.V.)* | Contract research and development services | Netherlands | 100.00% | 100.00% |
| Aragen Employees welfare trust *(formerly GVK Bio Employees welfare trust)* | Employee welfare | India | 100.00% | 100.00% |
| Intox Private Limited* | Toxicology and related research services | India | 76.00% | 76.00% |
| Aragen Foundation | Corporate Social Responsibility activities of Group | India | 100.00% | 100.00% |

* Includes the equity interest on 19.28% considered as deferred consideration as at 31 March 2022(refer note 35)

**35 Business combinations and acquisition of non-controlling interests**

**Acquisitions during the year ended 31 March 2022**

**Acquisition of Intox Private Limited**

On 13 December 2021, the Group acquired 56.82% of equity stake in Intox Private Limited ("Intox"). The acquisition was executed through a share purchase agreement ("SPA") and the Group has also agreed to acquire the balance stake upto 100% in a phased manner.

Intox is a reputed GLP certified pre-clinical contract research organization (CRO) with its test facilities in Pune, India. It has conducted more than 15,000 GLP studies for global clients which include large and mid-sized customers across pharmaceuticals, biopharmaceuticals, plant protection, nutraceuticals, and medical devices. This acquisition will expand Aragen's end-to-end integrated discovery and development platform for the pharmaceuticals, biotechnology, animal health and agrochemicals industries. It will enable the Group to conduct safety assessment studies from a Good Laboratory Practice (GLP)-certified facility for submission to regulatory agencies such as the United States Food and Drug Administration (USFDA), the United States Environment Protection Agency (USEPA), the European Medicines Agency (EMA), and others globally.

As per the terms of SPA, the Group has control over 76% of the equity interest of Intox with purchase consideration to be paid in two tranches. The Group has paid the tranche-I consideration during the previous year and further paid the balance tranche-II during current year.

The fair value of net assets acquired on the acquisition date as part of the transaction amounted to ₹ 726.60 and the excess of purchase consideration (incl tranche-II consideration) has been attributed towards goodwill.

| Component | Fair value as on acquisition date |
|---|---|
| Property, plant and equipment | 154.08 |
| Capital work-in-progress | 18.51 |
| Other net assets | 264.72 |
| Intangible assets - Customer relationship/contracts | 228.00 |
| Deferred tax liabilities on Intangible assets | (57.38) |
| Cash and cash equivalents | 118.65 |
| **Total** | **726.58** |
| Non-controlling interest | (499.00) |
| Goodwill | 1,353.40 |
| **Total Purchase price** | **1,580.98** |

| Total consideration | Amount |
|---|---|
| Purchase consideration paid for 56.82% equity stake | 1,073.98 |
| Deferred consideration for 19.28% equity stake | 507.00 |
| **Total consideration** | **1,580.98** |

The intangible assets are amortised over a period of five years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realised.

**Impact on acquisition on the results of the Group:**

Consolidated financial statements for the year ended 31 March 2023 includes the following revenue and profit generated from the new acquisitions:

| Enity name | Total Income | Profit for the year |
|---|---|---|
| Intox Private Limited | 179.71 | 58.05 |

The Company has entered into a put option agreement for the balance 24 % equity stake of Intox Private Limited. This has been accounted for as a derivative instrument and the fair value of put option as at 31 March 2023 is ₹ 4.00 (31 March 2023 : ₹ 4.00).

**36 Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for the year ended 31 March 2023**

| Name of the entity | As at | | For the year ended | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2023 | | | | | | | |
| | Net assets | | Share in profit or loss | | Share in OCI | | Share in Total Comprehensive Income ("TCI") | |
| | As a % of consolidated net assets | Amount (₹) | As a % of consolidated profit or loss | Amount (₹) | As a % of consolidated OCI | Amount (₹) | As a % of consolidated TCI | Amount (₹) |
| **Holding Company** | | | | | | | | |
| Aragen Life Sciences Limited *(formerly Aragen Life Sciences Private Limited)* | 98.85% | 12,157.87 | 114.64% | 2,520.62 | 144.02% | (240.65) | 112.22% | 2,279.97 |
| **Trust** | | | | | | | | |
| Aragen employees welfare trust *(formerly GVK Bio Employees welfare trust)* | 0.15% | 18.12 | 0.25% | 5.47 | 0.00% | - | 0.27% | 5.47 |
| **Domestic Subsidiaries** | | | | | | | | |
| Intox Private Limited | 0.98% | 120.60 | 4.71% | 103.48 | -3.63% | 6.06 | 5.39% | 109.54 |
| Aragen Foundation | 0.00% | 0.01 | 0.00% | 0.02 | 0.00% | - | 0.00% | 0.02 |
| **Foreign subsidiaries** | | | | | | | | |
| Aragen Bioscience, Inc. | 1.12% | 137.72 | -16.67% | (366.49) | 0.00% | - | -18.04% | (366.49) |
| Aragen Lifesciences B.V. *(formerly GVK Biosciences B.V.)* | 0.09% | 10.94 | 0.29% | 6.38 | 0.00% | - | 0.31% | 6.38 |
| **Sub Total** | | **12,445.26** | | **2,269.48** | | **(234.59)** | | **2,034.89** |
| Adjustment arising out of consolidation | -5.64% | (693.75) | -4.70% | (103.44) | -39.25% | 65.58 | -1.86% | (37.86) |
| Non-controlling interest in subsidiaries | 4.45% | 547.66 | 1.49% | 32.67 | -1.15% | 1.92 | 1.70% | 34.59 |
| **Total** | | **12,299.17** | | **2,198.71** | | **(167.09)** | | **2,031.62** |

**Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements for the year ended 31 March 2022**

| Name of the entity | As at | | For the year ended | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2022 | | | | | | | |
| | Net assets | | Share in profit or loss | | Share in OCI | | Share in Total Comprehensive Income ("TCI") | |
| | As a % of consolidated net assets | Amount (₹) | As a % of consolidated profit or loss | Amount (₹) | As a % of consolidated OCI | Amount (₹) | As a % of consolidated TCI | Amount (₹) |
| **Holding Company** | | | | | | | | |
| Aragen Life Sciences Limited | 96.08% | 10,410.05 | 106.99% | 2,112.66 | -176.87% | 10.40 | 107.84% | 2,123.06 |
| **Trust** | | | | | | | | |
| Aragen employees welfare trust *(formerly GVK Bio Employees welfare trust)* | 0.12% | 12.65 | 0.04% | 0.73 | 0.00% | - | 0.04% | 0.73 |
| **Domestic Subsidiaries** | | | | | | | | |
| Intox Private Limited | 0.23% | 24.92 | 2.23% | 44.12 | -10.20% | 0.60 | 2.27% | 44.72 |
| Aragen Foundation | 0.00% | 0.02 | 0.00% | (0.08) | 0.00% | - | 0.00% | (0.08) |
| **Foreign subsidiaries** | | | | | | | | |
| Aragen Bioscience, Inc. | 4.54% | 491.43 | -8.07% | (159.43) | 0.00% | - | -8.10% | (159.43) |
| Aragen Lifesciences B.V. *(formerly GVK Biosciences B.V.)* | 0.03% | 3.28 | 0.48% | 9.47 | 0.00% | - | 0.48% | 9.47 |
| **Sub Total** | | **10,942.35** | | **2,007.47** | | **11.00** | | **2,018.47** |
| Adjustment arising out of consolidation | -5.73% | (620.43) | -2.37% | (46.77) | 289.46% | (17.02) | -3.24% | (63.79) |
| Non-controlling interest in subsidiaries | 4.74% | 513.07 | 0.71% | 13.93 | -2.38% | 0.14 | 0.71% | 14.07 |
| **Total** | 100.00% | **10,834.99** | 100.00% | **1,974.63** | 100.00% | **(5.88)** | 100.00% | **1,968.75** |

## 37 Segment information

**Operating segments**

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. Based on Group's business model, providing contract research and development services has been considered as the only reportable business segment and hence no separate financial disclosures are provided in respect of its single business segment.

**Geographical information**

The geographical information analyses the Group's revenues and non-current assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of the customers and segment assets which have been based on the geographical location of the assets.

The Group does not have any customer that individually contribute to more than 10% of the revenues for the year ended 31 March 2023 and for the year ended 31 March 2022.

**Segment revenue**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Europe | 4,084.66 | 2,978.61 |
| India | 716.05 | 1,030.61 |
| North America | 10,417.79 | 7,774.81 |
| Rest of the world | 2,147.51 | 2,089.58 |
| | **17,366.01** | **13,873.61** |

**Non-current operating assets**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| India | 13,564.62 | 11,060.07 |
| United States of America | 613.42 | 678.39 |
| **Total non-current operating assets** | **14,178.04** | **11,738.46** |

*Non-current operating assets includes all the items except financial assets and tax related assets.

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**38 Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

| | Fair value measurement using | | | | |
|---|---|---|---|---|---|
| | **Date of Valuation** | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| **Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023:** | | | | | |
| **Assets/(Liabilities) measured at fair value** | | | | | |
| Derivative financial assets / (liabilities) (refer note 7 and note 18) | 31 March 2023 | - | (208.50) | - | (208.50) |
| Investments (refer note 6) | 31 March 2023 | 0.01 | - | 2.04 | 2.05 |
| Put option liability | 31 March 2023 | - | - | 4.00 | 4.00 |
| **Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022:** | | | | | |
| **Assets/(Liabilities) measured at fair value** | | | | | |
| Derivative financial assets / (liabilities) (refer note 7 and note 18) | 31 March 2022 | - | 133.84 | - | 133.84 |
| Investments (refer note 6) | 31 March 2022 | 0.01 | - | 1.85 | 1.86 |
| Put option liability | 31 March 2022 | - | - | 4.00 | 4.00 |

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**39 Commitments**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Estimated amount of contracts amounting to be executed on capital account and not provided for (net of advances) | 1,897.11 | 1,123.73 |

**40 Contingent liabilities**

The Group is subject to legal proceedings and claims before various tax authorities, which have arisen in the ordinary course of business. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Group, as the case may be and therefore timing of cash flows cannot be predicted. The Group engages reputed professional advisors wherever required to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision is required.

Claims against the Company not acknowledged as debts in respect of:

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| (a) Income tax matter under dispute | 1,232.33 | 1,231.97 |
| (b) Service tax matter under dispute | 1.89 | 1.89 |
| (c) Central Sales tax matter under dispute | 2.22 | 1.45 |
| (d) Customs matter under dispute | 4.27 | 4.27 |
| (e) Goods and Service tax matter under dispute | 5.25 | - |

In addition to the above, the Company has below mentioned claims/contingent liabilities against the Company:

The Group has received a show cause notice challenging classification of R&D services as export of services for the period from 1 April 2006 to 30 Jun 2017 (tax liability computed by department is ₹2,409.70). The Group has submitted its reply disputing department claim and based on merits of the claim and favourable judgements Group has not made any provision in the books.

The Group has an ongoing litigation of certain portion of land in Mallapur which the Group has bought from APIIC. The matter is stayed by the High Court until disposal of appeal at the lower court.

**41 Related party disclosures**

**a) Name of related parties and nature of relationship**

| **Names of the related parties** | **Nature of relationship** | |
|---|---|---|
| Aragen Bioscience, Inc. | Wholly-owned Subsidiary Company | |
| Aragen Lifesciences B.V. (formerly known as GVK Biosciences B.V.) | Wholly-owned Subsidiary Company | |
| Aragen Foundation | Wholly-owned Subsidiary Company | |
| Intox Private Limited | Subsidiary Company | |
| Aragen Employees Welfare Trust (formerly GVK Bio Employees Welfare Trust) | Controlled Trust | |
| Mr. Davinder Singh Brar | Director and Chairman | Key management personnel (KMP) |
| Mr. G V Sanjay Reddy (till 31.01.2023) | Director and Vice-chairman | Key management personnel (KMP) |
| Mr. Manmahesh Kantipudi | Whole time Director and Chief executive officer | Key management personnel (KMP) |
| Mr. Sahajbir Singh Brar (till 10.06.2022) | Director | Key management personnel (KMP) |
| Ms. G Indira Krishna Reddy (till 01.06.2022) | Director | Key management personnel (KMP) |
| Mr. Keshav Gunupati Venkat Reddy | Director | Key management personnel (KMP) |
| Mr. Adam Richard Dawson (w.e.f. 31.05.2021 and till 30.01.2023) | Director | Key management personnel (KMP) |
| Mr. Rajat Sood (w.e.f. 19.05.2021) | Director | Key management personnel (KMP) |
| Mr. Ajay Srivastava (w.e.f. 20.05.2021) | Director | Key management personnel (KMP) |
| Mr. Robert Richard Ruffolo | Independent Director | Key management personnel (KMP) |
| Mr. Gerhard Mayr | Independent Director | Key management personnel (KMP) |
| Ms. Anita Ramachandran (w.e.f. 07.11.2022) | Independent Director | Key management personnel (KMP) |
| Mr. Sachin Anand Dharap | Chief Financial Officer | Key management personnel (KMP) |
| Mr. Ramakrishna Kasturi | Company Secretary | Key management personnel (KMP) |
| Excelra Inc., *(formerly GVK Biosciences Inc.,)* | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Equal Identity Private Limited | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Excelra Knowledge Solutions Private Limited *(formerly GVK Davix Research Private Limited )* | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Madhubani Investments Private Limited | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Aparna Reddy Gunupati *(as a Trustee of Reddy Investment Trust)* | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Aparna Reddy Gunupati *(as a Trustee of Reddy Family Trust)* | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Taj GVK Hotels and Resorts Limited | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| GVK Foundation | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Dimensions Corporate Finance Services Private Limited | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |
| Srini Pharmaceuticals Private Limited (till 26.12.2022) | Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company. | |

**41 Related party disclosures (continued)**

**b) Transactions with related parties**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Remuneration of KMPs*** | | |
| **Short-term employee benefits** | | |
| Mr. Manmahesh Kantipudi | 68.87 | 54.84 |
| Mr. Sachin Anand Dharap | 29.55 | 18.20 |
| Mr. Ramakrishna Kasturi | 5.48 | 6.96 |
| **Directors remuneration/commission** | | |
| Mr. Gerhard Mayr | 4.93 | 4.53 |
| Mr. Robert Richard Ruffolo | 4.93 | 4.47 |
| Mr. Ajay Srivastava | 4.00 | - |
| Ms. Anitha Ramachandran | 1.44 | |
| **Perquisite value of ESOPs exercised during the year** | | |
| Mr. Manmahesh Kantipudi | - | 382.72 |
| Mr. Ramakrishna Kasturi | - | 9.24 |
| Mr. Gerhard Mayr | - | 117.84 |
| **Directors sitting fee** | | |
| Mr. Sahajbir Singh Brar | 0.05 | 0.26 |
| Mr. G V Sanjay Reddy | 0.20 | 0.25 |
| Mr. Davinder Singh Brar | 0.35 | 0.30 |
| Ms. G Indira Krishna Reddy | - | 0.40 |
| Mr. Manmahesh Kantipudi | 0.15 | 0.25 |
| Mr. Ajay Srivastava | 0.40 | 0.35 |
| Mr. Gerhard Mayr | 0.25 | 0.28 |
| Mr. Keshav Gunupati Venkat Reddy | 0.33 | 0.25 |
| Mr. Robert Richard Ruffalo | 0.35 | 0.34 |
| Ms. Anitha Ramachandran | 0.18 | - |
| **Dividends paid during the year (on payment basis)** | | |
| Mr. Davinder Singh Brar | 147.69 | - |
| Aragen Employees Welfare Trust | 6.91 | - |
| Aparna Reddy Gunupati (as a Trustee of Reddy Investment Trust) | 198.32 | - |
| Aparna Reddy Gunupati (as a Trustee of Reddy Family Trust) | 7.85 | - |
| Madhubani Investments Private Limited | 58.48 | - |
| **Unsecured Loans taken during the year** | | |
| Madhubani Investments Private Limited | 7.75 | 11.35 |
| Aparna Reddy Gunupati (as a Trustee of Reddy Investment Trust) | 7.75 | 11.35 |
| **Unsecured Loans repaid during the year** | | |
| Mr. Davinder Singh Brar | (0.93) | - |
| Madhubani Investments Private Limited | (23.00) | - |
| Aparna Reddy Gunupati (as a Trustee of Reddy Investment Trust) | (23.93) | - |
| **Interest on Loans taken** | | |
| Mr. Davinder Singh Brar | (0.03) | (0.08) |
| Madhubani Investments Private Limited | (0.73) | (0.36) |
| Aparna Reddy Gunupati (as a Trustee of Reddy Investment Trust) | (0.75) | (0.17) |
| **Reimbursement of Expenses relating to Sale of shares** | | |
| Mr. Davinder Singh Brar | - | 2.13 |
| Aparna Reddy Gunupati (as a Trustee of Reddy Investment Trust) | - | 2.13 |
| **Transactions with entity in which KMP have a significant influence – Excelra Knowledge Solutions Private Limited** *(formerly GVK Davix Research Private Limited )* | | |
| Shared services provided | 1.37 | 1.35 |
| Rental Income | 0.02 | 0.03 |
| **Transactions with entity in which KMP have a significant influence – Excelra, Inc.** | | |
| Advance received during the year | - | (14.53) |
| **Transactions with entity in which KMP have a significant influence - Srini Pharmaceuticals Private Limited** | | |
| Job work Charges | (14.25) | (18.64) |
| **Transactions with entity in which KMP have a significant influence - Dimensions Corporate Finance Services Private Limited** | | |
| Consultancy services | (2.60) | (29.10) |
| Reimbursement exp | (0.23) | (0.29) |
| **Transactions with entity in which KMP have a significant influence - Taj GVK Hotels and Resorts Limited** | | |
| Hotel expenses | (4.94) | (0.68) |

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Transactions with entity in which KMP have a significant influence - GVK Foundation** | | |
| Corporate social responsibility expenditure | - | (0.42) |
| **Transactions with entity in which KMP have a significant influence - Equal Identity Private Limited** | | |
| Consultancy Services | (0.48) | 0.10 |

*The managerial personnel are covered by the Group's gratuity policy and are eligible for leave encashment along with other employees of the Group. The proportionate amount of gratuity and leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are determined on an actuarial basis for the Group as a whole.

**c) Balances receivable/(payable)**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Excelra Inc., (formerly GVK Biosciences Inc.,) | 15.75 | 14.48 |
| Excelra Inc., (formerly GVK Biosciences Inc.,)(Advance received) | - | (14.53) |
| Excelra Knowledge Solutions Private Limited | 1.40 | 1.37 |
| Srini Pharmaceuticals Private Limited | - | (2.56) |
| Taj GVK Hotels and Resorts Limited | (3.12) | (0.06) |
| Dimensions Corporate Finance Services Private Limited | - | (6.64) |
| Mr. Davinder Singh Brar | (0.05) | (0.97) |
| Mr. G V Sanjay Reddy | - | (0.05) |
| Mr. Manmahesh Kantipudi | - | (0.05) |
| Mr. Gerhard Mayr | (4.96) | (4.97) |
| Mr. Ajay Srivastava | (0.94) | (0.05) |
| Mr. Robert Richard Ruffalo | (0.03) | (1.20) |
| Mr. Sahajbir Singh Brar | - | (0.03) |
| Mr. Keshav Gunupati Venkat Reddy | (0.05) | (0.05) |
| Ms. G Indira Krishna Reddy | - | (0.05) |
| Ms. Anita Ramachandran | (0.86) | - |
| Madhubani Investments Private Limited | - | (15.25) |
| Aparna Reddy Gunupati (as a Trustee of Reddy Investment Trust) | - | (16.18) |

**Directors' interests in the employee stock option plan**

Share options held by executive members of the Board of Directors under the employee stock option plan to purchase equity shares have the following expiry dates and exercise prices:

| **Grant date** | **Last Vesting date** | **Exercise price** | **Number outstanding** | |
|---|---|---|---|---|
| | | | **31 March 2023** | **31 March 2022** |
| 7 July 2007 | 6 July 2011 | 3.33 | 7,65,000 | 7,65,000 |
| 1 November 2011 | 31 October 2015 | 16.67 | 2,16,000 | 2,16,000 |
| 1 July 2017 | 30 June 2021 | 78.47 | 6,56,957 | 6,56,957 |
| 1 July 2021 | 30 June 2022 | 78.47 | 1,96,542 | 1,96,542 |
| 30 January 2023 | 30 January 2024 | 10.00 | 88,878 | - |
| **Total** | | | **19,23,377** | **18,34,499** |

*Previous year numbers are adjusted for bonus shares issued during the current year.

**42 Details of expenditure incurred, Capital and Revenue, in Research and Development is as under:**

**Capital expenditure**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Additions to laboratory equipment | - | - |
| | **-** | **-** |

**Revenue expenditure (Included under appropriate heads in Statement of Profit and Loss)**

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Cost of material consumed | 78.85 | 25.76 |
| Salaries and wages | 16.17 | 12.28 |
| Chemicals and spares | 0.09 | 0.55 |
| | **95.11** | **38.59** |

**43 Unhedged foreign currency exposure**

| | As at | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Receivables** | | |
| United States Dollar | 2,965.06 | 2,221.82 |
| Great Britain Pound | 9.59 | 3.65 |
| Euro | - | 39.67 |
| Others | - | - |
| **Payables** | | |
| United States Dollar | 1,093.28 | 1,887.81 |
| Great Britain Pound | 0.98 | 3.74 |
| Euro | 103.32 | 41.64 |
| Swiss Franc | 1.28 | 1.29 |
| Others | 0.55 | - |

**44 Corporate social responsibility expenditure (CSR)**

The Group has formulated a Corporate Social Responsibility Committee to undertake the mandatory corporate social responsibility activities in accordance with the provisions of the Act. The details of the amounts spent during the current year are as follows:

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Expenditure on CSR Activities: | | |
| Balance unspent CSR at the beginning of the year | - | - |
| (a) Gross amount required to be spent by the Company during the year | 42.50 | 27.02 |
| (b) Amount approved by the Board to be spent during the year | 42.50 | 27.02 |
| (c) Amount spent by the Company | | |
| (i) For Construction/acquisition of asset** | 22.92 | 0.50 |
| (ii) For Contribution to Covid related measures | - | 3.05 |
| (iii) Other than (i) & (ii) above* | 2.60 | 3.34 |
| **Balance unspent /(Excess) CSR amount in cash at the end of the year** | **16.98** | **20.13** |
| (d) Reason for unspent amount at the end of year | On-going projects | On-going projects |
| (e) Amount subsequently transferred to Unspent CSR designated bank account towards ongoing projects | 17.00 | 20.63 |
| (f) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately | 17.00 | 20.63 |
| **Movement in Provision during the year** | | |
| Opening Liability towards CSR | 20.63 | - |
| Amount spent by the Company during the year (in cash) | (16.12) | |
| Provision created during the year for Unspent amount (in cash) | 17.00 | 20.63 |
| **Closing Liability towards CSR** | **21.51** | **20.63** |

* includes an amount of ₹ Nil (31 March 2022: ₹ 0.42) contributed to a related party, GVK Foundation in relation to CSR expenditure.
** includes an amount of ₹22.92 (31 March 2022: Nil) contributed to a related party, Aragen Foundation in relation to CSR expenditure.

**Nature of CSR activities:**

1. Promoting education
2. Providing emergency medical care, and preventive health care
3. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources, promoting renewable sources of energy, building waste management capabilities, and creating awareness about sustainability issues.

**45 Transfer pricing**

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the regulatory timelines, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

**46 Composite Scheme of Arrangement**

Excelra Knowledge Solutions Private Limited (Excelra), GVK Davix Technologies Private Limited (GVK DTPL), GVK Davix Research Private Limited and Aragen Life Sciences Limited (formerly Aragen Life Sciences Private Limited) and their respective shareholders have entered into a Composite Scheme of Arrangement under Section 230 to 232 of the Companies Act, 2013 ("Scheme") which contemplates Amalgamation of Excelra with GVK DTPL with Appointed Date as 1st April 2021 and thereupon demerger of information technology business and related investments of GVK DTPL into GVK Davix Research Private Limited and amalgamation of the residual GVK DTPL into Aragen Life Sciences Limited (formerly Aragen Life Sciences Private Limited), with 02 April 2021 as the Appointed Date.

The said Scheme was approved by the National Company Law Tribunal, Hyderabad Bench ("NCLT") on 30 May 2022 and the Company has received the final order copy on 07 June 2022. The certified copy of the said order has been filed with the Registrar of Companies, Hyderabad by the companies involved. The Company filed the certified copy of the Order on 01 July 2022 with respect to Part IV (amalgamation of the residual GVK DTPL into Aragen Life Sciences Limited) of the Scheme, as such the Part IV of the Scheme has become effective from that date.

Further, as per the method of accounting prescribed in the Scheme and in accordance with principles of Indian Accounting Standards, the Company has revised its consolidated financial statements to include balances of GVK DTPL for the year ended 31 March 2022.

**47** The Company had filed appropriate forms for satisfaction of charges before Registrar of Companies, Hyderabad with respect to the charges amounting to ₹36.50 million as at 31 March 2023 created against the Company under the Charge IDs 90124315 and 90124232 and there are no borrowing outstanding with respect to the same. The Company has been continuously pursuing with the authorities to reflect the same on their website.

Further the Charge ID 90124333 in favour of Canara Bank (Bank) for an amount of ₹205.80 million is a duplicate entry erroneously filed by the Company and the Company is pursuing with the Bank for No-objection certificate to file satisfaction of the Charge with the Registrar of Companies.

Charge ID 100490209 for an amount of ₹607.50 million is pertaining to Excelra Knowledge Solutions Private Limited (Excelra). Pursuant to Composite Scheme of Arrangement, this charge has been transferred to the Company due to technical issues while approving the Scheme by ROC. The Company is pursuing with Excelra and the concerned Bank for transfer of this Charge to Excelra.

**48 Subsequent events:**

Pursuant to resolution passed by the Directors of the Company on 25 January 2023 and approved by the extraordinary general meeting held on 27 January 2023, the Company has allotted equity shares of face value of ₹ 10 each by way of bonus issue to its shareholders in the ratio of 1:2 to be capitalised out of the Company's securities premium account/ free reserves or such other accounts as are permissible to be utilized for this purpose. Pursuant to such bonus issue, the paid-up share capital of the Company increased from ₹ 681.38 million to ₹ 2,044.14 million. Further subsequent to the period ended 31 March 2023, the Authorized Share capital of the Company has increased from ₹ 1,420.00 million to ₹ 2,500.00 million and the number of authorized equity shares increased from 142,000,000 to 250,000,000.

**47 Struck-off Companies:**

The Group has not enetered into any transactions with the companies struck-off as per Section 248 or Section 560 of the companies act 2013.

**48 Benami Property:**

There are no proceeding initiated or pending against the Group as at 31 March 2023, under Benami Property Transactions Act, 1988 (as amended in

**49 Wilful Defaulter:**

The Group is not declared a wilful defaulter by any bank or financial Institution or other lender.

**50 Undisclosed incomes:**

The Group has recorded all transactions in the books of account that has been surrendered. There are no previously unrecorded incomes and related assets that were considered during the year, no unrecorded incomes were identified as income for tax assessments.

**51** The Group has not traded or invested in crypto currency or virtual currency during the financial year.

**52** 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 Group 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 lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of

The notes referred to above form an integral part of these consolidated financial statements.
As per our Report on Consolidated Financial Statements of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
ICAI Firm Registration No: 116231W/ W-100024

*for* and on behalf of the Board of Directors of
**Aragen Life Sciences Private Limited** *(formerly Aragen Life Sciences Private Limited)*
CIN: U74999TG2000PLC035826

Sd/-
**Arpan Jain**
*Partner*
Membership No. 125710

Sd/-
**Davinder Singh Brar**
Chairman
DIN: 00068502

Sd/-
**Keshav Gunupati Venkat Reddy**
Director
DIN: 06593325

Sd/-
**K Ramakrishna**
Company Secretary
M.No: F3865

Sd/-
**Sachin Anand Dharap**
Chief Financial Officer

Sd/-
**Manmahesh Kantipudi**
Whole-time Director & Chief Executive Officer
DIN: 05241166

Place: Hyderabad

Place: Hyderabad
Date: 24 May 2023