

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Arco Lab Private Limited

Report on the Ind AS financial statements

Opinion

We have audited the accompanying Ind AS financial statements of M/s Arco Lab Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- a. Note No. 10 regarding export receivables outstanding beyond the prescribed time limit for realization as per the extant Foreign Exchange Management Act regulations; and,
- b. Note No. 17 regarding the import payables outstanding beyond the prescribed time limit for payment as per the extant Foreign Exchange Management Act regulations, and the attendant circumstances thereon.

Our opinion is not modified in respect of these matters.

Information other than the Financial Statements and Auditor's Report thereon

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



The Board's Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of the Management and those charged with governance for the financial statements

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

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

The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in "Annexure - A" of this auditor's report.

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 sub-section (11) of Section 143 of the Act, we give in the Annexure - B a statement on the matters specified in paragraphs 3 and 4 of the order.



2. 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 Balance Sheet, the Statement of Profit & Loss, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued there under;
- e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
- g. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give a separate report in the **Annexure - C**; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



The Management has represented, that, to the best of its knowledge and belief, the funds received by the Company from its Holding Company ("Funding Party") with the recorded understanding that the Company shall directly invest in identified entities by or on behalf of the Funding Party ("Ultimate Beneficiaries") has been so invested. Except as described in these accounts, there were no other transactions to advance, loan, invest in or provide any guarantee, security or the like to any other persons or entities identified in any manner on behalf of the Ultimate Beneficiaries (*Refer Note No 5*).

Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that causes us to believe that the representations given by the Management contain any material misstatement.

- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

Place: Bengaluru
Date: May 19, 2023



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

R. UMESH
Partner
M. No. 27892
UDIN: 23027892BGYKDH8467

ANNEXURE-A TO THE AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

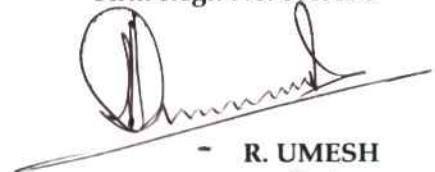
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Place: Bengaluru
Date: May 19, 2023



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S



- R. UMESH

Partner
M. No. 27892
UDIN: 23027892BGYKDH8467

**ANNEXURE - B TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT
OF EVEN DATE**

- (i) In respect of its Property, Plant and Equipment:
- a) i. The Company has maintained proper records showing full particulars including quantitative details and situation of the Property, Plant and Equipment;
- ii. The Company has maintained proper records showing full particulars of the intangible assets;
- b) Property, Plant and Equipment have been physically verified during the year by the Management in line with an internal programme of verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of verification is reasonable having regard to size of the Company and the nature of its assets;
- c) The company does not have any immovable property. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as right of use assets in the financial statements, the lease agreements are in the name of the company, where the company is lessee in the agreement;
- d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets and hence clause (i)(d) of the order is not applicable;
- e) According to the information and explanations given to us and based on our examination of the relevant records, no proceedings have been initiated or are pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, and hence clause (i)(e) of the order is not applicable.
- (ii) In respect of inventory, since the Company is engaged in the business of providing business support services and does not carry any inventory. Further, the Company has not availed of any working capital limits from a bank or a financial institution. Accordingly, clause (ii) of the order is not applicable.
- (iii) In respect of loans, advances, guarantees or investments:

- a) According to the information and explanations given to us and based on our examination of the relevant records, the Company has granted the following loans during the year.

Particulars	Aggregate Loans Granted	Balance Outstanding
- Subsidiary	0.50	0.51
- Associate of Holding Company	36.00	0.39

Excepting the above, the Company has not granted loans or advances in the nature of loans or provided any guarantee or security to any entity.

- b) In our opinion, the loans granted and investments made by the Company during the year are prima facie not prejudicial to the Company's interest.
- c) Based on our examination of the relevant records, the Company has specified schedules for the repayment of the principal and interest on the above loans granted and repayments made by the borrowing entities are regular.
- d) Based on our examination of the relevant records, there are no overdue amounts in respect of the loans granted.
- e) In view of what is stated under clause (d) above, reporting under sub-clause (e) is not applicable.
- f) Based on our examination of the relevant records, there are no loans granted repayable on demand or without specifying any terms or repayment period, reporting under sub-clause (f) is not applicable.



- (iv) In our opinion and according to the information and explanations given to us and based on our examination of the relevant books and records as produced before us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted and investments made.
- (v) In our opinion and according to the information and explanations given to us and based on our examination of the relevant books and records as produced before us, the Company has not accepted any deposits from the public in terms of Chapter-V the Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014 and no order has been passed by Company Law Board or National Company Law Tribunal or any other Tribunal. Hence reporting under this clause is not applicable.
- (vi) To the best of our knowledge and as explained to us, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us and on the basis of examination of the books and records as produced before us, in respect of statutory dues and other dues:
- a) The Company has been generally regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. There were no material undisputed amounts in respect of the above statutory dues, which were in arrears as at 31st March 2023, for a period more than six months from the date they became due except as detailed below:

Statute	Nature of dues	Amount Rs. Mn	Period to which it relates	Due Date	Date of Payment
Provided Fund Act, 1952	Employer & Employee contribution to provided fund	1.03	April 2022 to August 2022	15 th of the following calendar month	-

- b) There were no statutory dues which were not deposited on account of any dispute.
- (viii) According to the information and explanation given to us and based on our verification of the records and relevant documents, the Company has not surrendered or disclosed additional income during the year in the tax assessments under Income Tax Act, 1961. Hence reporting under this clause is not applicable.
- (ix) In respect of loans and borrowings, the company has not borrowed any funds from any financial institution or bank or Government or any entity or person or issued any debentures, to meet any obligations of its subsidiary or associate. The Company also does not have any joint venture and accordingly reporting under this clause is not applicable.
- (x) In respect of moneys raised by way of initial public offer, further public offer, preferential allotment and private placement of shares / convertible debentures:
- a. The Company has not raised moneys by way of initial public offer or further public offer during the year.
- b. During the year, the company has made a private placement of equity shares to its holding company. As explained to us and based on our verification of the records produced before us, the applicable requirements of Sections 42 and 62 of the Act have been complied with. Further, the funds raised through the private placement have been used for the purposes for which they were raised. Barring the above, there was no preferential allotment of shares or convertible debentures.



- (xi) In respect of fraud:
- a. To the best of our knowledge and belief, according to the information and explanations given to us by the Management and the records produced before us, no frauds were noticed or reported during the year.
 - b. As reported above, no frauds were noticed or reported during the year and hence report under sub-section (12) of section 143 is not applicable.
 - c. As represented to us by the management, the Company is not required to implement a whistleblower policy under the provisions of sub-section 9 of section 177 of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014.
- (xii) The Company is not a Nidhi Company and hence this clause is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us and based on our verification of the records and relevant documents, all transactions with related parties entered into by the Company are in compliance with section 188 of the Companies Act where applicable and the details of the same have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Provisions of Section 177 are not applicable to the Company.
- (xiv) In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013 and hence reporting under this clause is not applicable.
- (xv) According to the information and explanation given to us by the Management and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence this clause is not applicable.
- (xvi) In our opinion and according to the information and explanation given to us,
- a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
 - b. The Company has not conducted any Non-Banking Financial or Housing Finance activities.
 - c. The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India.
 - d. As represented by the Management, the Group does not have any Core Investment Companies.
- (xvii) The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and hence reporting under this clause is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, aging and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the 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 company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future



**GNANOBA & BHAT
CHARTERED ACCOUNTANTS**

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) According to the information and explanations given to us and based on our examination of the records of the Company as well as the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 dated 20 September 2022, there were no amounts required to be spent under sub section (5) of section 135 of the Companies Act, 2013.
- (xxi) Since the company is not required to present consolidated financial statements as the accounts of its wholly owned subsidiary and associate is consolidated with the ultimate holding company, reporting under this clause is not applicable.

Place: Bengaluru
Date: May 19, 2023



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

R. UMESH
Partner

M. No. 27892

UDIN: 23027892BGYKDH8467

**ANNEXURE - C TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH F OF OUR REPORT
OF EVEN DATE**

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

We have audited the internal financial controls over the financial reporting of M/s Arco Lab Private Limited ("the Company") as on 31st March 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended as on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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



A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipt and expenditures of the company are being made only in accordance with authorisations of management and directors of the company.
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

Place: Bengaluru
Date: May 19, 2023



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

R. UMESH
Partner
M. No. 27892
UDIN: 23027892BGYKDH8467



ARCO LAB PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2023

		Rs. In Million	
		As at 31-Mar-23	As at 31-Mar-22
A ASSETS	Note		
I Non-current assets			
(a) Property, plant and equipment	3(i)	22.05	30.23
(b) Capital work-in-progress	3(ii)	11.20	0.74
(c) Right-of-Use Assets	4(i)	106.35	114.93
(d) Other intangible assets	3(iii)	4.11	4.44
(e) Financial Assets			
(i) Investments	5	1,313.17	51.72
(ii) Other financial assets	6(i)	22.87	23.31
(f) Deferred tax assets (net)	7	-	21.28
(g) Income-tax assets (net)	8(i)	0.02	11.60
(h) Other non-current assets	9(i)	8.99	8.64
Total non-current assets		1,488.76	266.89
II Current assets			
(a) Financial assets			
(i) Trade receivables	10	355.35	97.87
(ii) Cash and cash equivalents	11	41.86	4.92
(iii) Loans receivable	12	3.25	3.35
(iv) Other Financial asset	6(ii)	28.00	97.22
(b) Income tax assets (net)	8(ii)	-	14.31
(c) Other current assets	9(ii)	39.83	32.61
Total current assets		468.29	250.28
TOTAL ASSETS		1,957.05	517.17
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	3.53	1.72
(b) Other equity	14	1,492.44	159.95
Total Equity		1,495.97	161.67
II Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	4(ii)	83.87	85.98
(ii) Other financial liabilities	15(i)	0.50	0.14
(b) Deferred tax liability (net)	7	24.17	-
(b) Provisions	16(i)	78.97	129.20
Total non-current liabilities		187.51	215.32
2 Current liabilities			
(a) Financial liabilities			
(i) Lease liability	4(ii)	34.43	35.29
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	17	6.74	4.02
- Total outstanding dues of creditors other than micro and small enterprises		131.36	47.77
(iii) Other financial liabilities	15(ii)	7.56	-
(b) Other current liabilities	18	83.70	45.14
(c) Provisions	16(ii)	8.77	7.96
(d) Current tax liabilities	19	1.01	-
Total current liabilities		273.57	140.18
TOTAL EQUITY AND LIABILITIES		1,957.05	517.17

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Gnanoba & Bhat**

Chartered Accountants

Firm Registration No. 000939S

R Umesh

Partner

Membership No. 027892

For and on behalf of Board of Directors of

Arco Lab Private Limited

CIN: U74999KA2018PTC115573

Vinod Kumar Bhaskaran

Director

DIN: 07729849

Shashidhar Koppa Lingaraj

Director

DIN: 07636554

Place: Bengaluru

Date: May 19, 2023





ARCO LAB PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2023

Particulars	Note	For the period ended 31-Mar-23	For the period ended 31-Mar-22
1 Revenue from operations	20	1,174.43	899.54
2 Other income	21	7.32	2.24
3 Total Income		1,181.75	901.78
4 Expenses			
(a) Employee benefits expense	22	651.76	574.71
(b) Finance costs	23	11.40	9.55
(c) Depreciation and amortisation expenses	24	43.83	36.15
(d) Other expenses	25	322.63	238.11
Total		1,029.62	858.52
5 Profit before exceptional items and tax (3-4)		152.13	43.26
6 Exceptional items gain / (loss) (net)		-	-
7 Profit before tax (5+6)		152.13	43.26
8 Tax expense	26	-	-
(a) Current tax		43.77	15.57
(b) Deferred tax expense / (benefit)		(5.06)	(3.62)
9 Profit / (Loss) for the year (7+8)		113.42	31.31
10 Other Comprehensive Income			
A) (i) Items that will not be reclassified to profit or loss		201.32	8.73
(ii) Income tax relating to items that will not be reclassified to profit or loss		(50.50)	(2.20)
B) (i) Items that may be reclassified to profit or loss		-	-
(ii) Income tax relating to items that may be reclassified to profit or loss		-	-
Total Other comprehensive Income		150.82	6.53
11 Total Comprehensive Income for the period (9+10)		264.24	37.84
12 Earnings per equity share (nominal value of Rs. 10/- each) in Rs.			
- Basic	27	395.84	182.06
- Diluted	27	395.84	182.06
The accompanying notes are an integral part of the financial statements	2		

In terms of our report attached

For **Gnanoba & Bhat**

Chartered Accountants

Firm Registration no. 000939S

R. Umesh

Partner

Membership No. 027892

For and on behalf of Board of Directors of

Arco Lab Private Limited

CIN: U74999KA2018PTC115573

Vinod Kumar Bhaskaran
Director
DIN: 07729849

Shashidhar Koppa Lingaraj
Director
DIN: 07636554

Place: Bengaluru

Date : May 19, 2023





ARCO LAB PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2023

Particulars	31-Mar-23	Rs.In Million 31-Mar-22
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	152.13	43.26
Adjustments for:		
-Depreciation and amortisation	43.83	36.15
-(Profit) / loss on sale / write off of assets	(0.10)	-
-Discounting of Deposits and Interest on unwinding of Discount	0.12	0.25
-Provision for bad & doubtful debts	6.44	-
-Interest on lease liability	10.42	9.30
-Interest income	(2.51)	-
-Provision for gratuity & leave encashment	27.34	30.54
-sundry balances written back	0.15	-
-Net unrealised exchange (gain) / loss	(0.31)	(0.21)
Operating profit / (loss) before working capital changes	237.50	119.29
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(200.86)	1.58
Increase/(decrease) in trade and other payables	243.21	(42.00)
Net Change in working capital	42.35	(40.42)
Cash generated from operations	279.85	78.87
Income taxes paid	(16.86)	(28.14)
Net cash flow generated from / (used in) operating activities (A)	262.99	50.72
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment including capital advance	(6.95)	(29.02)
Interest received	2.51	-
Purchase of long-term investments	(1,253.89)	(51.06)
Loan given /repaid (net)	(0.90)	-
Security Deposits paid	0.10	(20.91)
Net cash flow (used in) investing activities (B)	(1,259.12)	(100.99)
C. Cash flow from financing activities		
Lease payments	(36.99)	(31.36)
Proceeds from issue of share capital	1,070.06	51.13
Net cash flow generated from financing activities (C)	1,033.07	19.77
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	36.94	(30.49)
Cash and cash equivalents at the beginning of the period	4.92	35.41
Cash and cash equivalents at the end of the period	41.86	4.92
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 11)	41.86	4.92
Cash and cash equivalents at the end of the period *	41.86	4.92
* Comprises:		
(a) Cash on hand	0.04	0.01
(b) Balances with banks - in current accounts	41.82	4.91
Total	41.86	4.92

The accompanying notes are an integral part of the financial statements
In terms of our report attached

2

For **Gnanoba & Bhat**
Chartered Accountants
Firm Registration no. 000939S



R Umesh
Partner
Membership No. 027892

Place: Bengaluru
Date : May 19, 2023

For and on behalf of Board of Directors of
Arco Lab Private Limited
CIN: U74999KA2018PTC115573



Vinod Kumar Bhaskaran
Director
DIN: 07729849



Shashidhar Koppa Lingaraj
Director
DIN: 07636554



ARCO LAB PRIVATE LIMITED

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

1 General Information

Arco Lab Private Limited ("the Company") is headquartered in Bengaluru, India. The Company was incorporated on 20th August 2018 and is primarily a service provider providing outsourcing and business support services for all processes, sub-processes, transactions, activities and all other work performed in various industries with specific emphasis on pharmaceutical sector, within India and across the world. Presently, the Company provides these services predominantly to its group entities.

The company is registered under Micro, Small and Medium Enterprises Act, 2006.

2 Significant accounting policies

A Basis for Preparation of Financial statements

The Company is a wholly owned subsidiary of Strides Pharma Science Limited, a listed company which is required to prepare its financial statements in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, these financial statements are prepared in accordance with Ind AS under the historical cost convention on the accrual basis with revenues recognized and expenses accounted on their accrual, including provisions / adjustments for committed obligations and amounts determined as payable or receivable during the year. Costs and earnings in excess of billings for the year are recognized as Unbilled Revenue.

Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B Cash Flow Statements

Cash flows are reported using the indirect method, whereby the profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities are segregated based on the available information.

C Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenditure relating to the acquisition such as cost of installation / erection and interest up to the date of commissioning of the asset as applicable.

Capital Work-in-progress

Projects under which assets are not ready for its intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributed finance costs.

D Intangible Assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price including duties and taxes (other than those refundable subsequently from the authorities), and directly attributable expenditure incurred for making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefit in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case, such expenditure is added to the cost of the asset.

E 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 judgment. 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.



ARCO LAB PRIVATE LIMITED

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

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined based on the lease period. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in statement of profit and loss over the lease period.

F Depreciation

Depreciation on Property, Plant and Equipment and Intangible Assets, provided in the accounts on the basis of useful lives as assessed by the Management under the Straight Line Method basis is as prescribed under Schedule II of the Companies Act, 2013. Accordingly, the life of the assets is determined as under.

Sl.No	Asset	Life of assets (In years)
1	Office Equipment	5 years
2	Computers	3 years
3	Servers & Networks	6 years
4	Furniture & fixtures	10 years
5	Electrical installation	5 years
6	Software Licenses	5 years

G Financial instruments

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity instruments in Stelis Biopharma Limited which is not held for trading.

H Revenue Recognition

Revenue from contract with customers:

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. A 5-step approach is used to recognize revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Sale of Services

Revenue from services rendered, is recognized in the statement of profit and loss as the underlying services are performed. Upfront payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed. Costs and earnings in excess of billings for the year are recognized as Unbilled Revenue.

I Taxation

The current charge for income tax (if any) is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax assets and liabilities (if any) are recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per financial statements. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet Date.

J Foreign Currency Transactions

Transactions denominated in Foreign Currencies are recorded using the exchange rates prevailing on the date of transaction. The difference if any, on actual payment/ realization is charged off to revenue. Amount receivable / payable as at the close of the year is accounted at the prevailing rates and the difference if any, on receipt / while making actual payment due to fluctuation in the rate of exchange is charged to revenue in that year.



ARCO LAB PRIVATE LIMITED

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

K Provisions

A provision is recognized when the enterprise has a present obligation as a result of past event(s) which may result in a probable outflow of resources to settle the obligation and in respect of which a reasonable estimate can be made. Provisions are not discounted to their present value and are determined on the basis of the best estimate of the resources required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

L Impairment of Assets

An asset is treated as impaired if the current carrying cost of the same exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in the prior accounting periods is reversed if there is any change in the estimate of recoverable amount. The recoverable amount is the greater of the net selling price or the value in use.

M Contingencies

Contingent liabilities are not recognized and are shown by way of notes to the financial statements.

N Earnings Per Share

Earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving the basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share and are deemed to be converted at the beginning of the period, unless they have been issued at a later date.


O Employee Benefits

- (i) Retirement benefits in the form of Provident Fund and Pension Schemes are charged on an accrual basis to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Regional Provident Fund Commissioner.
- (ii) Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation using the Projected Unit Credit Method, with the actuarial valuation being carried out at each balance sheet date. The liability is funded through a Group Gratuity Trust with Life Insurance Corporation of India.
- (iii) Provision for Leave Encashment has been made based on an actuarial valuation carried out at each balance sheet date. The liability is not funded.

For and on behalf of Board of Directors of

Arco Lab Private Limited

CIN: U74999KA2018PTC115573


Vinod Kumar Bhaskaran
Director
DIN: 07729849


Shashidhar Koppa Lingaraj
Director
DIN: 07636554

Place: Bengaluru
Date : May 19, 2023





ARCO LAB PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2023 AND MARCH 31, 2022

A) Equity share capital

Particulars	No of Shares
Balance as at April 1, 2021	1,60,000
Changes in equity share capital during the year	12,215
Balance as at March 31, 2022	1,72,215
Changes in equity share capital during the year	1,80,710
Balance as at March 31, 2023	3,52,925

B) Other equity

Rs. In Million

Particulars	Reserves and Surplus		Items of Other Comprehensive Income		Total
	Securities premium	Retained earnings	Equity Instruments through OCI	Re - measurement of the defined benefit liabilities / (assets)	
Balance as at April 1, 2021	-	83.67	-	(12.57)	71.10
Profit / (Loss) for the period	-	31.31	-	-	31.31
Addition of securities premium during the year	51.01	-	-	-	51.01
Other comprehensive income for the period (net of tax)	-	-	0.50	6.03	6.53
Total comprehensive income	51.01	31.31	0.50	6.03	88.85
Balance as at March 31, 2022	51.01	114.98	0.50	(6.54)	159.95
Profit / (Loss) for the period	-	113.42	-	-	113.42
Addition of securities premium during the year	1,068.25	-	-	-	1,068.25
Other comprehensive income for the period (net of tax)	-	-	201.32	(50.50)	150.82
Total comprehensive income	1,068.25	113.42	201.32	(50.50)	1,332.49
Balance as at March 31, 2023	1,119.26	228.40	201.82	(57.04)	1,492.44



ARCO LAB PRIVATE LIMITED

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

3(i) Property, plant and equipment

Property, plant and equipment				Gross block				Depreciation				Rs. In Million	
Sl No	Description	As on		Additions	Disposals	As on		Depreciation for the year	Disposal	Up to		Net block	
		01-Apr-22	31-Mar-23			31-Mar-23	31-Mar-23			As on	31-Mar-23		
1	Tangible assets Office equipment	5.46 2.13	0.34 3.33	-	-	5.80 5.46	1.14 0.37	1.14 0.77	-	2.28 1.14	3.52 4.32		
2	Computers	20.78 7.78	0.92 13.00	1.15 -	-	20.55 20.78	6.38 1.43	6.94 4.95	0.73 -	12.59 6.38	7.96 14.40		
3	Servers & Networks	10.18 3.13	- 7.05	-	-	10.18 10.18	1.83 0.53	1.70 1.30	-	3.53 1.83	6.65 8.35		
4	Furniture & Fixtures	3.35 -	1.25 3.35	-	-	4.60 3.35	0.26 -	0.47 0.26	-	0.73 0.26	3.87 3.09		
5	Electrical Installation	0.08 -	- 0.08	-	-	0.08 0.08	0.01 -	0.02 0.01	-	0.03 0.01	0.05 0.07		
	Total	39.85	2.51	1.15	-	41.21	9.62	10.27	0.73	19.16	22.05		
	Previous year	13.04	26.81	-	-	39.85	2.33	7.29	-	9.62	30.23		

Note:

Figures in italics relate to previous year.



ARCO LAB PRIVATE LIMITED

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

3(ii) Capital-Work-In-Progress

CWIP Ageing schedule			Rs. In Million			
Sl. No	Particulars	Amount in CWIP for a period of				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i)	Tangible assets Projects in progress	11.20	-	-	-	11.20
		0.74	-	-	-	0.74
(ii)	Projects temporarily suspended	-	-	-	-	-
		-	-	-	-	-
	Total	11.20	-	-	-	11.20
	Previous year	0.74	-	-	-	0.74

Note: As at 31st March 2023, there are no projects which are overdue or exceeded its costs as compared to the original plan.

3(iii) Other Intangible assets

Sl No	Description	Gross block				Amortisation				Net Block	
		As on 01-Apr-22	Additions	Disposals	As on 31-Mar-23	As on 01-Apr-22	Amortisation for the year	Disposals	Up to 31-Mar-23	As on 31-Mar-23	
1	Software Licences	6.43 6.27	1.05 0.16	- -	7.48 6.43	1.99 0.73	1.38 1.26	- -	3.37 1.99	4.11 4.44	
Total		6.43	1.05	-	7.48	1.99	1.38	-	3.37	4.11	
Previous year		6.27	0.16	-	6.43	0.73	1.26	-	1.99	4.44	

Note:

Figures in italics relate to previous year.



ARCO LAB PRIVATE LIMITED
Notes forming part of financial statements for the period ended March 31, 2023

4 Leases

(i) Amounts Recognised in the Balance Sheet

Particulars	Gross block				Accumulated depreciation / amortisations		Net block	
	As at		Deletion		As at		As at	
	01-Apr-22	Additions			01-Apr-22	31-Mar-23	31-Mar-23	31-Mar-23
Buildings	149.58 18.18	23.60 131.40	18.18 -	155.00 149.58	34.65 7.05	48.65 34.65	48.65 34.65	106.35 114.93
Total	149.58	23.60	18.18	155.00	34.65	48.65	48.65	106.35
<i>Previous year</i>	<i>18.18</i>	<i>131.40</i>	<i>-</i>	<i>149.58</i>	<i>7.05</i>	<i>34.65</i>	<i>34.65</i>	<i>114.93</i>

Note:

Figures in italics relate to previous year.

(ii) Lease Liability

Particulars	31-Mar-23	31-Mar-22
Non-Current	83.87	85.98
Current	34.43	35.29
	118.30	121.27

(iii) Amounts Recognised in the statement of Profit or Loss

Particulars	31-Mar-23	31-Mar-22
Depreciation Charge of Right-Of-Use Asset	32.18	27.60
Buildings	32.18	27.60
Interest Expense (Included in Finance Cost)	10.42	9.30

(iv) Total Cash outflow

Particulars	31-Mar-23	31-Mar-22
Buildings	36.99	31.36
	36.99	31.36



ARCO LAB PRIVATE LIMITED

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

5 Investments - Non-current

Investments consist of the following:

Particulars	Rs. In Million	
	31-Mar-23	31-Mar-22
(A) Investments in subsidiaries: (Carried at amortised cost)		
Equity shares, unquoted		
- 100,000 (As at March 31, 2022: Nil) shares of Rs. 10 each fully paid up in Strides Pharma Services Private Limited. (Refer Note 1)	1.00	-
Total (A)	1.00	-
(B) Investments in associates: (Carried at amortised cost)		
Equity shares, unquoted		
- 2,780 (As at March 31, 2022: Nil) shares of Rs.10 each fully paid up in Neviton Softech Private Limited. (Refer note 2)	99.73	-
Total (B)	99.73	-
(C) Investments in others: (carried at fair value through other comprehensive income)		
Equity shares, unquoted		
- 1,839,900 (As at March 31, 2022: 1,839,900 each of Rs 1 partly paid up) shares of Rs. 1 each fully paid up in Stelis Biopharma Limited, India. (Refer note 3)	1,212.44	51.72
TOTAL (C)	1,212.44	51.72
TOTAL [A+B+C]	1,313.17	51.72
Aggregate amount of unquoted investments	1,313.17	51.72
Aggregate amount of impairment in value of investments	-	-

Refer note 29 for related party transactions.

Notes:

- The Company has invested a sum of INR 1 Mn. in Strides Pharma Services Private Limited, a wholly owned subsidiary formed with the main objective of providing certain niche services in pharma domain to group entities. The current investments represent the Company's shareholding in that entity.
- During the year, the Board of Directors of the Company has approved an investment of Euro 4.10 Mn (subject to debt and working capital adjustments) to acquire 11,120 equity shares of Rs. 10 each, representing 100% shareholding of that entity, in a phased manner over a period of 3 years. Current year's investment represents 25% shareholding viz., 2,780 equity shares acquired for an aggregate consideration of Euro 1.10 Mn. This investment is funded by the Holding Company by infusing additional equity into the Company. Further tranches would also be funded by the Holding Company.
- During March 2021, the Board of Directors of the Company approved an investment of 1,839,900 equity shares of Stelis Biopharma Limited of face value Re. 1/- each at an issue price of Rs. 555/- per share aggregating to INR 1,021.14 Mn which was funded in entirety by the Holding Company viz. Strides Pharma Science Limited by infusing additional equity into the Company. During the year, the above investment has been completed by making payment of the balance consideration due on these equity shares.



ARCO LAB PRIVATE LIMITED

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

7 Deferred tax balances

Particulars	Rs. In Million	
	As at 31-Mar-23	As at 31-Mar-22
Deferred tax assets	-	21.28
Deferred tax liabilities	(24.17)	-
Deferred tax assets/ (liabilities) (net)	(24.17)	21.28

2022-2023	Rs. In Million			
	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:				
Provision for employee benefits	21.37	1.20	(2.52)	20.05
Others	(0.09)	3.86	(47.99)	(44.22)
Total	21.28	5.06	(50.51)	(24.17)

2021-2022	Rs. In Million			
	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:				
Provision for employee benefits	20.18	3.22	(2.03)	21.37
Others	(0.32)	0.40	(0.17)	(0.09)
Total	19.86	3.62	(2.20)	21.28



ARCO LAB PRIVATE LIMITED

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

6 Other financial asset

Other financial assets consist of the following:

Non-current financial asset**Rs. In Million**

Particulars	31-Mar-23	31-Mar-22
(i) Unsecured, considered good:		
- Security deposits	22.87	23.31
Total	22.87	23.31

(ii) Current financial assets**Rs. In Million**

Particulars	31-Mar-23	31-Mar-22
Receivable from related parties (Refer note 29)	16.47	70.29
Unbilled Revenue	11.53	26.93
Total	28.00	97.22



ARCO LAB PRIVATE LIMITED

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

8 Income tax assets (net)

The income tax assets consists of the following:

(i) Non Current income tax assets

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Advance tax paid (net of provision)	0.02	11.60
Total	0.02	11.60

(ii) Current Income tax assets

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Advance tax paid (net of provision)	-	14.31
Total	-	14.31

9 Other Assets

Other assets (unsecured) consist of the following:

(i) Other non-current assets

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Considered good:		
- Capital advances	0.90	0.77
- Prepaid expenses	8.09	7.87
Total	8.99	8.64

(ii) Other current assets

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
considered good:		
Advances to suppliers	16.32	9.07
Prepaid expenses	23.38	22.85
Advances to employees	0.13	0.69
Total	39.83	32.61

10 Trade receivables

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Unsecured:		
a) Considered good - Secured	-	-
b) Considered good - Unsecured	361.35	97.87
c) Credit impaired	-	-
	361.35	97.87
Less: Allowances for doubtful trade receivable	6.00	-
Total	355.35	97.87

Note: Includes receivables from Related Parties

- The Company has an aggregate export receivable of INR 4.43 Mn from various customers outstanding beyond the prescribed time limit for realization as per the extant Foreign Exchange Management Act (FEMA) regulations. The management has since reviewed these balances and based on such review, it has determined that the entire sum is recoverable. Accordingly, no provision is deemed necessary in respect of these receivables. The Company is in the process of completing the procedural formalities prescribed under that statute.
- In determining the allowance for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. This is not applied to receivables that are due from holding company and its subsidiaries.



ARCO LAB PRIVATE LIMITED

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

Trade Receivables ageing schedule for the period ended 31st March 2023

Rs. In Million

Particulars	Not due	Outstanding for the following periods from the due date					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables							
- considered good	110.30	183.49	52.86	14.30	0.40	-	361.35
- which have significant increase in credit	-	-	-	-	-	-	-
- credit impaired	(0.68)	(2.03)	(1.30)	(1.59)	(0.40)	-	(6.00)
Disputed trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Total	109.62	181.46	51.56	12.71	(0.00)	-	355.35

Trade Receivables ageing schedule for the period ended 31st March 2022

Rs. In Million

Particulars	Not due	Outstanding for the following periods from the due date					Total
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables							
- considered good	14.49	52.31	24.60	6.47	-	-	97.87
- which have significant increase in credit	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Total	14.49	52.31	24.60	6.47	-	-	97.87

11 Cash and cash equivalents

Rs. In Million

Particulars	31-Mar-23	31-Mar-22
Cash on hand	0.04	0.01
Balance with banks:		
- In current account	41.82	4.91
Total	41.86	4.92

12 Loans

Rs. In Million

Particulars	31-Mar-23	31-Mar-22
Unsecured, considered good		
Loans to employees	2.35	3.35
Loans to related parties (Refer note 29)	0.90	-
Total	3.25	3.35

13 Equity share capital

Rs. In Million

Particulars	31-Mar-23	31-Mar-22
Authorised		
450,000 Equity shares of Rs. 10/- each with voting rights (March 31st 2022: 250,000 Equity shares of INR 10 each)	4.50	2.50
Issued		
353,745 Equity shares of Rs. 10/- each with voting rights (March 31st 2022: 172,215 Equity shares of INR 10 each)	3.54	1.72
Subscribed and fully paid-up		
352,925 Equity shares of Rs. 10/- each with voting rights (March 31st 2022: 172,215 Equity shares of INR 10 each)	3.53	1.72
Total	3.53	1.72

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31-Mar-23		31-Mar-22	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Equity share of Rs. 10/- each				
Opening balance	1,72,215	17,22,150	1,72,215	17,22,150
Issued and subscribed during the year	1,80,710	18,07,100	-	-
Closing balance	3,52,925	35,29,250	1,72,215	17,22,150

(b) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding Equity shares of Rs. 10/- each:

The Company has only one class of equity shares, having a par value of Rs. 10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.



ARCO LAB PRIVATE LIMITED

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

(c) Shares held by holding company:

Particulars	31-Mar-23	31-Mar-22
Equity shares of ₹10/- each fully paid		
Strides Pharma Science Limited (Holding Company & Promoter)		
Number of shares held	3,52,925	1,72,215
% of holding	100%	100%

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

Particulars	31-Mar-23	31-Mar-22
(d) Equity shares of ₹10/- each fully paid		
Strides Pharma Science Limited (Holding Company & Promoter)		
Number of shares held	3,52,925	1,72,215
% of holding	100%	100%

Note: Of 352,925 shares, 10 shares are held by Shashidhar K.L as nominee of Strides Pharma Science Limited.

14 Other Equity

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
(i) Securities Premium		
Opening balance	51.01	-
Add: Shares issued during the year	1,068.25	51.01
Closing balance	1,119.26	51.01
(ii) Surplus in statement of profit and loss		
Opening balance	114.98	83.67
Add: Profit / (Loss) for the year	113.42	31.31
Closing balance	228.40	114.98
(iii) Items of other comprehensive income		
Opening balance	(6.04)	(12.57)
Add / (Less) : Other comprehensive income for the year	201.32	8.73
Add / (Less) : Tax impact on above	(50.50)	(2.20)
Closing balance	144.78	(6.04)
Total	1,492.44	159.95

15 Other financial liabilities

Other financial liabilities consist of the following:

(i) Non-current financial liability:

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Unsecured, considered good:		
- Security deposits (Refer note 29)	0.50	0.14
Total	0.50	0.14

(ii) Current financial liability:

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Unsecured, considered good:		
- Deferred Consideration Payable (Refer note 29)	7.56	-
Total	7.56	-

16 Provisions

Provisions consist of the following:

Non-Current

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Provision for employee benefits		
- Gratuity (Refer note 27)	46.18	82.42
- Compensated absences	32.79	46.78
Total	78.97	129.20

Current

Rs.In Million

Particulars	31-Mar-23	31-Mar-22
Current		
Provision for employee benefits		
- Gratuity (Refer note 27)	-	0.21
- Compensated absences	8.77	7.75
Total	8.77	7.96



ARCO LAB PRIVATE LIMITED

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

17 Trade payables:

	Rs.In Million	
Particulars	31-Mar-23	31-Mar-22
Trade payables:		
-Total outstanding dues of micro enterprises and small enterprises	6.74	4.02
Total	6.74	4.02

Trade payables

	Rs.In Million	
Particulars	31-Mar-23	31-Mar-22
Total outstanding dues of creditors other than micro & small enterprises		
- Other than micro & small enterprises	126.64	41.61
- Dues to related parties (Refer note 29)	4.72	6.16
Total	131.36	47.77

As on the date of these accounts, the company has an aggregate sum of INR 4.94 Mn payable to vendors towards services rendered which is outstanding beyond the prescribed time limit for payment as per the extant Foreign Exchange Management Act (FEMA) regulations. The Company is in the process of collating the requisite documentation for initiating the balance payment. Pending this no provision has been made in these accounts for additional liability if any, on account of delay in payment.

Trade Payables ageing schedule for the Year ended 31, March 2023

Particulars	Not due	Outstanding for the following periods from the due date				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed						
- MSME	1.77	4.97	-	-	-	6.74
- Others	85.99	42.07	0.20	0.36	2.73	131.36
Disputed						
- MSME	-	-	-	-	-	-
- Others	-	-	-	-	-	-
Total	87.76	47.04	0.20	0.36	2.73	138.10

Trade Payables ageing schedule for the Year ended 31, March 2022

Particulars	Not due	Outstanding for the following periods from the due date				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed						
- MSME	3.01	1.01	-	-	-	4.02
- Others	7.73	36.66	0.80	2.58	-	47.77
Disputed						
- MSME	-	-	-	-	-	-
- Others	-	-	-	-	-	-
Total	10.74	37.67	0.80	2.58	-	51.79

Note: (i) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	Rs.In Million	
Particulars	31-Mar-23	31-Mar-22
(i) Principal amount remaining unpaid as at the end of the accounting year	6.74	4.02
(ii) Interest due on the above remaining unpaid as at the end of the accounting year	0.55	0.07
(iii) The amount of interest paid along with the amounts of the payment made beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act, 2006;	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.68	0.14
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

18 Other Current liabilities

	Rs.In Million	
Particulars	31-Mar-23	31-Mar-22
- Statutory Liabilities	29.96	22.39
- Advance from customers	12.48	15.83
- Interest payable to vendors registered under MSMED Act	0.68	0.14
- Payable to employees	31.14	4.02
- Payables on purchase of fixed assets	9.44	2.76
Total	83.70	45.14

19 Current tax liabilities

	Rs.In Million	
Particulars	31-Mar-23	31-Mar-22
Provision for taxes (net of taxes paid in advance)	1.01	-
Total	1.01	-



ARCO LAB PRIVATE LIMITED

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

20 Revenue from operations		Rs. In Million	
Particulars	31-Mar-23	31-Mar-22	
Support service income (Refer note 29)	1,174.43	899.54	
Total	1,174.43	899.54	

21 Other income		Rs. In Million	
Particulars	31-Mar-23	31-Mar-22	
Rental Income (Refer note 29)	0.62	0.05	
Interest Income (Refer note 29)	4.66	1.90	
Gain on sale of asset (net)	0.10	-	
Miscellaneous Income	0.15	-	
Net gain on foreign currency transactions	1.79	0.29	
Total	7.32	2.24	

22 Employee benefits expenses		Rs. In Million	
Particulars	31-Mar-23	31-Mar-22	
Salaries and wages	579.63	509.60	
Contributions to provident and other funds (Refer note 27)	35.19	33.04	
Gratuity (Refer note 27)	18.14	18.34	
Share based compensation expense (Refer note 32)	2.54	0.31	
Staff welfare expenses	16.26	13.42	
Total	651.76	574.71	

23 Finance costs		Rs. In Million	
Particulars	31-Mar-23	31-Mar-22	
Interest expense on:			
- Interest on leases	10.42	9.30	
- Interest others	0.83	0.15	
- Bank charges and commission	0.15	0.10	
Total	11.40	9.55	

24 Depreciation and amortisation expenses		Rs. In Million	
Particulars	31-Mar-23	31-Mar-22	
Depreciation on property, plant and equipment	10.26	7.28	
Depreciation on Right-Of-Use Asset	32.18	27.60	
Depreciation on intangible assets	1.38	1.26	
Total	43.82	36.14	



ARCO LAB PRIVATE LIMITED

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

25 Other Expenses

Rs. In Million

Particulars	31-Mar-23	31-Mar-22
Rent	4.73	5.28
Power, Fuel & Water charges	7.42	5.33
Repairs and maintenances:		
- Buildings	6.65	0.01
- Others	60.27	54.84
Insurance	7.17	3.04
Rates and taxes	25.72	9.12
Subcontracting charges	105.31	52.27
Recruitment expenses	2.93	4.91
Security charges	1.23	3.22
Expenditure on Corporate Social Responsibility (Refer note (i) below)	1.06	0.80
Legal and professional fees	54.57	76.90
Communication expenses	8.73	4.31
Travelling and conveyance	5.28	1.93
Printing and stationery	1.25	2.25
Sales promotion	1.34	0.30
Payments to auditors (refer note (ii) below)	0.85	0.73
Provision for bad and doubtful debts	6.44	-
Membership fees	21.54	12.69
Miscellaneous expenses	0.14	0.18
Total	322.63	238.11

Note:

(i) Expenditure on Corporate Social Responsibility:

Rs. In Million

Particulars	31-Mar-23	31-Mar-22
(a) Gross amount required to be spent during the year (Refer note below)	-	0.80
(b) Amount spent during the year on :		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	1.06	0.80
(c) Short fall of CSR spent	-	-
(d) Contribution to a trust controlled by the company in relation to CSR activities	-	-
(e) Provision towards liability incurred by entering into a contractual obligation for CSR activities	-	-
Total	1.06	0.80

Nature of CSR activities:

Infrastructure upgradation at Government Higher Primary School.

Note: Consequent to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 dated 20 September 2022, the company is not required to spend any sum towards CSR during the year.

(ii) Payments to auditors comprises (net of GST credit):

Rs. In Million

Particulars	31-Mar-23	31-Mar-22
Statutory Audit Fee	0.72	0.60
Taxation and other services	0.13	0.13
Total	0.85	0.73

26 Tax expenses

Rs. In Million

Particulars	31-Mar-23	31-Mar-22
Current Tax	43.77	15.57
Deferred tax expense / (benefit)	(5.06)	(3.62)
Total	38.71	11.95



ARCO LAB PRIVATE LIMITED

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

27 Employee benefit plans
27.1 Defined contribution plans

The employees of the Company are members of a state-managed retirement benefit plan operated by the government. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

During the period, the Company has recognized the following amounts in the Profit and Loss Account-

	Rs. in Million	
Particulars	31-Mar-23	31-Mar-22
Employers' Contribution to Provident Fund	35.19	33.04
Employers' Contribution to Employee state insurance scheme	0.07	0.02

27.2 Defined benefit plans

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service of 5 years are eligible for gratuity under this Act. The amount of gratuity payable on termination / retirement is the last drawn basic salary per month of the employee proportionate for a period of 15 days per completed year of service. The Company has constituted a Group Gratuity Trust and the above liability is funded through the Group Gratuity Trust with Life Insurance Corporation of India.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

Valuation as at

	31-Mar-23	31-Mar-22
Discount rate(s)	7.35%	6.82%
Expected rate(s) of salary increase	8.00%	10.00%

	Rs. in Million	
Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:	31-Mar-23	31-Mar-22
Service cost:		
Current service cost	12.50	12.76
Net interest expense	5.64	5.58
Components of defined benefit costs recognised in profit or loss	18.14	18.34
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(0.43)	(0.41)
Actuarial (gains) / losses arising from changes in demographic assumptions	(1.04)	(2.47)
Actuarial (gains) / losses arising from changes in financial assumptions	(6.35)	(1.25)
Actuarial (gains) / losses arising from experience adjustments	(2.87)	(3.94)
Components of defined benefit costs recognised in other comprehensive income	(10.69)	(8.06)
Total	7.45	10.27

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

	Rs. in Million	
The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:	As at 31-Mar-2023	As at 31-Mar-2022
Present value of defined benefit obligation	60.79	96.34
Fair value of plan assets	14.60	13.71
Funded status	The defined benefit plan is funded.	The defined benefit plan is funded.
Net liability arising from defined benefit obligation	46.19	82.63



ARCO LAB PRIVATE LIMITED

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

Rs. in Million		
Movements in the present value of the defined benefit obligation are as follows:	Year ended 31-Mar-23	Year ended 31-Mar-2022
Opening defined benefit obligation	96.34	97.75
Current service cost	12.50	12.76
Interest cost	6.10	6.01
Acquisition / Divestiture	(18.80)	(4.29)
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	(1.04)	(2.47)
Actuarial gains and losses arising from changes in financial assumptions	(6.35)	(1.25)
Actuarial gains and losses arising from experience adjustments	(2.87)	(3.94)
Benefits paid	(25.08)	(8.23)
Closing defined benefit obligation	60.79	96.34

Rs. in Million		
Defined Benefit Obligation	01-Apr-22 to 31-Mar-23	01-Apr-21 to 31-Mar-22
Discount rate		
a. Discount rate - 100 basis points	101.55	101.55
b. Discount rate + 100 basis points	91.63	91.63
Salary increase rate		
a. Rate - 100 basis points	92.68	92.68
b. Rate + 100 basis points	100.08	100.08

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

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

Expected future Cash outflows towards the plan are as follows-

Financial Year	Rs. In Million
2023-24	11.83
2024-25	8.14
2025-26	9.48
2026-27	7.32
2027-28	8.72
2029-29 to 2032-33	24.11

27.3 Actuarial Assumptions for Long-term Compensated Absence

Rs. In Million		
Actuarial Assumptions	Year ended 31-Mar-23	Year ended 31-Mar-22
Discount Rate	7.35%	6.82%
Salary escalation Rate	8.00%	10.00%
Attrition Rate	-	-
Charge In the Profit and Loss account	9.20	12.20
Liability at the year end	41.56	54.53

Note: The estimates and rate of escalation in salary considered in actuarial valuation take into consideration inflation, seniority, promotion and other relevant factors such as employment market conditions. These figure are as certified by an actuary.

28 Earnings per share

Rs. In Million		
Particulars	31-Mar-23	31-Mar-22
Profit attributable to the equity holders of the Company	113.42	31.31
Weighted average number of equity shares used for computation of basic earnings per share	2,86,531	1,71,981
Add : Effect of potentially dilutive equity shares - Employee Stock option	-	-
Weighted average number of equity shares used for computation of diluted earnings per share	2,86,531	1,71,981
Earnings per share in Rs.		
Basic	395.84	182.06
Diluted	395.84	182.06



ARCO LAB PRIVATE LIMITED

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

29 Related Party Transactions:

List of related parties

Party where the control exists	Name of the Related party
Holding Company	Strides Pharma Science Limited
Wholly owned subsidiary	Strides Pharma Services Private Limited
Associate Company	Neviton Softech Private Limited (effective August 5, 2022)
Fellow Subsidiaries	Strides Pharma Asia Pte Ltd Strides Pharma Canada Inc. Strides Pharma (Cyprus) Limited Strides Pharma Global Pte Limited Strides Pharma Inc Strides Pharma UK Ltd Trinity Pharma Pty Ltd Universal Corporation Limited (up to september 30, 2022) Vivimed Life Sciences Private Limited Trusts: Strides Foundation, India
Associate of Holding Company	Stellis Biopharma Limited Strides Consumer LLC (up to August 8, 2022) Strides Consumer Private Limited (up to August 8, 2022) Stellis Pte Ltd (up to June 23, 2022) Biolexis Private Limited Biolexis Pte Ltd (Formerly Stellis Pte Ltd) (effective from June 24, 2022) Universal Corporation Limited (effective from October 1, 2022) Strides Global Consumer Healthcare Limited (up to August 8, 2022)
Enterprise owned / significantly influenced by KMP /	Agnus Capital LLP Agnus Ventures LLP Dairy Power Limited Naari Pharma Private Limited Axxcellent Pharma Science Limited (up to February 21, 2023) Six Rays LLP Six Rays Pte Limited Six Rays Holdings Pte Limited Hydra Active Pharma Sciences Brooks Steriscience Limited Naari Pte. Ltd Six Rays Pharma Solutions LLP Solara Active Pharma Sciences Limited SteriBrooks Penems Private Limited Steriscience BV Steriscience Pte Limited



ARCO LAB PRIVATE LIMITED

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

29 Related Party Transactions:

List of related parties

	<p>Steriscience Specialties Private Limited</p> <p>Steriscience Spolka</p> <p>Strides Chemicals Private Limited (up to 1st February 2020)</p> <p>Tenshi Kaizen USA Inc</p> <p>Aurore Life Sciences Private Limited</p> <p>Tenshi Kaizen Pharma Pte. Ltd.</p> <p>Tenshi Healthcare Pte. Ltd. (formerly Biolexis Pte. Ltd) (effective May 04, 2022)</p> <p>Tenshi Kaizen Private Limited</p> <p>Velbiom Probiotics Private Limited (formerly known as Tenshi Life Care Private Limited)</p> <p>Tenshi Life Sciences Private Limited (Merged with Tenshi Pharmaceuticals Private Limited on January 06, 2023, with an appointed date of April 01, 2021)</p> <p>Tenshi Life Sciences Pte. Limited</p> <p>Tenshi Pharmaceuticals Private Limited (formerly known as Sovizen Life Sciences Private Limited and prior to that Steriscience Private Limited)</p> <p>Triphase Pharmaceuticals Private Limited (up to 22 March 2023)</p> <p>Karuna Healthcare Private Limited (Merged with Tenshi Pharmaceuticals Private Limited on January 06, 2023, with an appointed date of April 01, 2021)</p> <p>Emerge Vocational Skills Private Limited</p> <p>Y UshaRani</p>
Key Managerial Personnel	<p>Shashidhar K L, Whole Time Director</p> <p>Dr. Sathyanarayan P, Whole Time Director (April 1, 2021 to May 14, 2021)</p> <p>Venkatesha NT, Whole Time Director (April 1, 2021 to 14 May, 2021)</p> <p>Debarati S Tripathi, Whole Time Director</p> <p>Vinod Kumar Bhaskaran, Whole Time Director</p>



ARCO LAB PRIVATE LIMITED
Notes forming part of financial statements for the period ended March 31, 2023

Related Party Transactions

Nature of Transactions	Holding company		Subsidiary / Fellow subsidiaries		Associate / Associate of holding company		Directors / Promoters / KMP / Relatives of KMP or Promoters		Enterprise owned / significantly influenced by KMP/ director of Holding Company	
	Year Ended	31-Mar-22	Year Ended	31-Mar-22	Year Ended	31-Mar-22	Year Ended	31-Mar-22	Year Ended	31-Mar-22
Support Services										
1 Agnus Capital LLP	-	-	-	-	-	-	-	-	0.71	-
2 Agnus Ventures LLP	-	-	-	-	-	-	-	-	0.03	-
3 Aurore Life Sciences Private Limited	-	-	-	-	-	-	-	-	-	0.05
4 Biolexis Pte Ltd	-	-	-	-	-	-	-	-	-	0.31
5 Biolexis Private Limited	-	-	-	-	-	-	-	-	10.20	-
6 Naari Pharma Private Limited	-	-	-	-	-	-	-	-	22.36	24.10
7 Naari Pharma Pte Ltd	-	-	-	-	-	-	-	-	22.23	-
8 Six Rays Pharma Solutions	-	-	-	-	-	-	-	-	0.97	0.61
9 Six Rays Pte. Limited	-	-	-	-	-	-	-	-	0.33	0.31
10 Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	70.94	107.99
11 Stelis Biopharma Limited	-	-	-	-	131.03	83.33	-	-	-	-
12 Stelis Pte Ltd	-	-	-	-	-	3.36	-	-	-	-
13 Steribooks Penems Private Limited	-	-	-	-	-	-	-	-	0.38	1.48
14 Steriscience BV	-	-	-	-	-	-	-	-	-	0.08
15 Steriscience Pte Ltd	-	-	-	-	-	-	-	-	73.20	8.06
16 Steriscience Specialties Private Ltd	-	-	-	-	-	-	-	-	92.60	13.92
17 Steriscience Spolka	-	-	-	-	-	-	-	-	4.43	-
18 Strides Consumer LLC	-	-	-	-	0.34	0.98	-	-	-	-
19 Strides Consumer Private Limited	-	-	-	-	0.81	5.09	-	-	-	-
20 Strides Global Consumer Healthcare Limited	-	-	-	-	0.41	0.98	-	-	-	-
21 Strides Pharma Asia Pte Limited	-	-	0.11	0.10	-	-	-	-	-	-
22 Strides Pharma Canada Inc	-	-	0.73	0.92	-	-	-	-	-	-
23 Strides Pharma (Cyprus) Limited	-	-	0.71	0.67	-	-	-	-	-	-
24 Strides Pharma Global Pte Limited	-	-	17.73	16.47	-	-	-	-	-	-
25 Strides Pharma Inc.	-	-	11.34	10.13	-	-	-	-	-	-
26 Strides Pharma Science Limited	598.45	526.59	-	-	-	-	-	-	-	-
27 Strides Pharma (UK) Limited	-	-	10.30	0.54	-	-	-	-	-	-
28 Tenshi Kaizen Pharma Pte Ltd	-	-	-	-	-	-	-	-	0.34	0.08
29 Tenshi Healthcare Pte. Ltd	-	-	-	-	-	-	-	-	52.15	24.82
30 Tenshi Kaizen Private Limited	-	-	-	-	-	-	-	-	-	-
31 Tenshi Kaizen USA INC	-	-	-	-	-	-	-	-	-	0.45



ARCO LAB PRIVATE LIMITED

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

Related Party Transactions		Rs. in Million									
Nature of Transactions	Holding company	Year Ended		Subsidiary / Fellow subsidiaries		Associate / Associate of holding company		Directors / Promoters / KMP / Relatives of KMP or Promoters		Enterprise owned / significantly influenced by KMP/ director of Holding Company	
		31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
32 Velbiom Probiotics Private Limited	-	-	-	-	-	-	-	-	-	1.20	1.40
33 Tenshi Life Science Pte Ltd	-	-	-	-	-	-	-	-	-	0.33	0.31
34 Tenshi Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-	-	33.85	40.81
35 Trinity Pharma (Pty) Ltd	-	-	-	1.25	1.16	-	-	-	-	-	-
36 Triphase Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-	-	0.48	0.48
38 Vivimed Life Sciences Private Limited	-	-	-	3.98	3.66	-	-	-	-	-	-
39 Dairy Power Limited	-	-	-	-	-	-	-	-	-	0.38	1.20
40 Brooks Steriscience Limited	-	-	-	-	-	-	-	-	-	4.90	0.35
41 Hydra Active Pharma Science Private Limited	-	-	-	-	-	-	-	-	-	0.80	0.75
42 Axcelent Pharma Science Private Limited	-	-	-	-	-	-	-	-	-	1.68	0.08
43 Chayadeep Properties Private Limited	-	-	-	-	-	-	-	-	-	0.33	-
44 Emerge Vocational Skills Private Limited, India	-	-	-	-	-	-	-	-	-	0.05	-
45 Six Rays LLP	-	-	-	-	-	-	-	-	-	0.60	0.60
46 Y Usharani	-	-	-	-	-	-	-	1.69	-	-	-
47 Six Rays Holdings Pte. Limited	-	-	-	-	-	-	-	-	-	0.34	0.26
Issue of Share Capital											
Strides Pharma Science Limited	1,070.06	51.13	-	-	-	-	-	-	-	-	-
Reimbursement of expenses incurred by											
1 Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	-	-	0.21
2 Agnus Capital LLP	-	-	-	-	-	-	-	-	-	-	0.09
3 Chayadeep Properties Private Limited	-	-	-	-	-	-	-	-	-	-	0.30
4 Strides Pharma Science Limited	21.83	22.01	-	-	-	-	-	-	-	-	-
Reimbursement of expenses on behalf of											
1 Stelis Biopharma Limited	-	-	-	-	-	3.20	-	-	-	-	-
2 Strides Pharma Science Limited	-	1.01	-	-	-	-	-	-	-	-	-
3 Strides Pharma Services Private Limited	-	-	-	0.12	-	-	-	-	-	-	-
Employee related liability											
1 Strides Pharma Science Limited	-	0.57	-	-	-	-	-	-	-	-	-
2 Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	-	(24.03)	(0.25)
Service Charges											
Neviton Softtech Private Limited	-	-	-	-	-	6.75	-	-	-	-	-
Rental Expenses											
Strides Pharma Science Limited	-	1.66	-	-	-	-	-	-	-	-	-



ARCO LAB PRIVATE LIMITED
Notes forming part of financial statements for the period ended March 31, 2023

Nature of Transactions		Holding company		Subsidiary / Fellow subsidiaries		Associate / Associate of holding company		Directors / Promoters / KMP / Relatives of KMP or Promoters		Enterprise owned / significantly influenced by KMP/director of Holding Company	
		Year Ended		Year Ended		Year Ended		Year Ended		Year Ended	
		31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Related Party Transactions											
Rental Income											
1	Stelis Biopharma Limited	-	-	-	-	0.10	0.01	-	-	-	-
2	Tenshi Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-	0.17	0.04
3	Strides Pharma Services Private Limited	-	-	0.36	-	-	-	-	-	-	-
Investment in shares											
1	Strides Pharma Services Private Limited	-	-	1.00	-	-	-	-	-	-	-
2	Stelis Biopharma Limited	-	-	-	-	970.09	51.06	-	-	-	-
Sale of Assets											
1	Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	0.47	-
2	Stelis Biopharma Limited	-	-	-	-	0.06	-	-	-	-	-
Purchase of Assets											
1	Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	0.21	-
2	Nevion Softech Private Limited	-	-	-	-	10.09	-	-	-	-	-
Loans given by the company											
1	Stelis Biopharma Limited	-	-	-	-	36.00	-	-	-	-	-
2	Strides Pharma Services Private Limited	-	-	0.50	-	-	-	-	-	-	-
3	Shashidhar K. L.	-	-	-	-	-	-	1.50	-	-	-
Loans repaid to the company											
1	Stelis Biopharma Limited	-	-	-	-	35.61	-	-	-	-	-
2	Shashidhar K. L.	-	-	-	-	-	-	1.50	-	-	-
Interest income on Loan											
1	Stelis Biopharma Limited	-	-	-	-	0.43	-	-	-	-	-
2	Strides Pharma Services Private Limited	-	-	0.02	-	-	-	-	-	-	-
Donation Paid											
	Strides Foundation, India	-	-	1.06	0.80	-	-	-	-	-	-
Managerial Remuneration											
1	Venkatesha N. T.	-	-	-	-	-	-	-	-	8.42	-
2	Shashidhar K. L.	-	-	-	-	-	-	10.37	11.18	-	-
3	Dr. Sathyanarayan P	-	-	-	-	-	-	-	4.18	-	-
4	Debarati S. Tripathi	-	-	-	-	-	-	6.33	4.97	-	-
5	Vinod Kumar Bhaskaran	-	-	-	-	-	-	5.93	6.45	-	-



ARCO LAB PRIVATE LIMITED
Notes forming part of financial statements for the period ended March 31, 2023

Related party closing balances

Nature of Transactions	Holding company		Fellow subsidiaries		Associate of holding company		Directors / Promoters / KMP / Relatives of KMP or Promoters		Enterprise owned / significantly influenced by KMP/ director of Holding Company	
	31-Mar-23	Year Ended 31-Mar-22	31-Mar-23	Year Ended 31-Mar-22	31-Mar-23	Year Ended 31-Mar-22	31-Mar-23	Year Ended 31-Mar-22	31-Mar-23	Year Ended 31-Mar-22
Rs. in Million										
Balance of trade payables										
1 Strides Pharma Science Limited	4.74	5.18	-	-	-	-	-	-	-	-
2 Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	3.20	-
3 Neviton Softech Private Limited	-	-	-	-	12.88	-	-	-	-	-
4 Stelis Biopharma Limited	-	-	-	-	1.01	1.01	-	-	-	-
Balance of Advances Received										
1 Strides Pharma Science Limited	12.29	15.23	-	-	-	-	-	-	-	-
2 Naari Pharma Private Limited	-	-	-	-	-	-	-	-	0.19	-
3 Tenshi Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-	-	0.56
Balance of trade receivables										
1 Biolexis Pte Ltd	-	-	-	-	4.05	3.75	-	-	-	-
2 Agnus Capital LLP	-	-	-	-	-	-	-	-	0.77	-
3 Agnus Ventures LLP	-	-	-	-	-	-	-	-	0.03	-
4 Chayadeep Properties Private Limited	-	-	-	-	-	-	-	-	0.32	-
5 Hydra Active Pharma Science Private Limited	-	-	-	-	-	-	-	-	0.94	-
6 Strides Consumer LLC	-	-	-	-	-	0.08	-	-	-	-
7 Strides Consumer Private Limited	-	-	-	-	-	2.11	-	-	-	-
8 Strides Global Consumer Healthcare Limited	-	-	-	-	-	0.08	-	-	-	-
9 Strides Pharma Canada Inc.,	-	-	0.18	0.76	-	-	-	-	-	-
10 Strides Pharma (Cyprus) Limited	-	-	0.18	0.49	-	-	-	-	-	-
11 Strides Pharma Global Pte Limited	-	-	9.04	8.35	-	-	-	-	-	-
12 Strides Pharma Inc.	-	-	0.37	5.39	-	-	-	-	-	-
13 Strides Pharma (UK) Limited	-	-	1.45	-	-	-	-	-	-	-
14 Trinity Pharma (Pty) Ltd	-	-	0.32	0.30	-	-	-	-	-	-
15 Universal Corporation Limited	-	-	-	0.63	-	-	-	-	-	-
16 Vivimed Life Sciences Private Limited	-	-	0.00	0.58	-	-	-	-	-	-
17 Strides Pharma Services Private Limited	-	-	0.39	-	-	-	-	-	-	-
18 Aureo Life Sciences Private Limited	-	-	-	-	-	-	-	-	0.16	0.16
19 Biolexis Private Limited	-	-	-	-	-	-	-	-	11.02	-
20 Naari Pharma Private Limited	-	-	-	-	-	-	-	-	29.01	-
21 Six Rays Pharma Solutions	-	-	-	-	-	-	-	-	0.39	0.06
22 Six Rays Pte. Limited	-	-	-	-	-	-	-	-	0.25	0.50
23 Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	41.29	6.76
24 Steribooks Penems Private Limited	-	-	-	-	-	-	-	-	0.09	0.09
25 Steriscience Pte Ltd	-	-	-	-	-	-	-	-	39.76	2.73
26 Steriscience Specialities Private Limited	-	-	-	-	-	-	-	-	72.97	1.36



ARCO LAB PRIVATE LIMITED

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

Related party closing balances

Nature of Transactions	Holding company		Fellow subsidiaries		Associate of holding company		Directors / Promoters / KMP / Relatives of KMP or Promoters		Enterprise owned / significantly influenced by KMP/ director of Holding Company	
	Year Ended		Year Ended		Year Ended		Year Ended		Year Ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
27 Steriscience Spolka	-	-	-	-	-	-	-	-	4.43	-
28 Tenshi Kaizen Pharma Pte Ltd.	-	-	-	-	-	-	-	-	0.21	0.19
29 Tenshi Kaizen Private Limited	-	-	-	-	-	-	-	-	62.45	8.61
30 Tenshi Kaizen USA Inc	-	-	-	-	-	-	-	-	-	1.37
31 Tenshi Life Science Pte Ltd	-	-	-	-	-	-	-	-	0.17	0.15
32 Tenshi Healthcare Pte. Ltd	-	-	-	-	-	-	-	-	0.50	0.15
33 Tenshi Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-	28.32	0.21
34 Brooks steriscience Limited	-	-	-	-	-	-	-	-	6.19	0.41
35 Axxelent Pharma Science Private Limited	-	-	-	-	-	-	-	-	-	0.01
36 Stelis Biopharma Limited	-	-	-	-	67.43	22.39	-	-	-	-
37 Six Rays Holdings Pte. Limited	-	-	-	-	-	-	-	-	0.23	0.26
38 Sixrays LLP	-	-	-	-	-	-	-	-	0.23	0.06
39 Velbiom Probiotics Private Limited	-	-	-	-	-	-	-	-	0.35	0.58
40 Y Usharani	-	-	-	-	-	-	0.16	-	-	-
Security Deposits Received										
1 Tenshi Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-	0.09	0.14
2 Strides Pharma Services Private Limited	-	-	0.41	-	-	-	-	-	-	-
Balance of other receivables / (payables)										
1 Strides Pharma Science Limited	13.02	45.34	-	-	-	-	-	-	-	-
2 Strides Pharma Services Private Limited	-	-	0.51	-	-	-	-	-	-	-
3 Naari Pharma Private Limited	-	-	-	-	-	-	-	-	0.20	0.20
4 Stelis Biopharma Limited	-	-	-	-	0.39	-	-	-	-	-
5 Tenshi Pharmaceuticals Private Limited	-	-	-	-	-	-	-	-	3.25	3.25
6 Solara Active Pharma Sciences Limited	-	-	-	-	-	-	-	-	-	21.77
7 Neviton Softech Private Limited	-	-	-	-	(7.57)	-	-	-	-	-



ARCO LAB PRIVATE LIMITED

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

30 Operating Ratios

Ratio	Numerator	Denominator	31-Mar-23	31-Mar-22	% of variance	Note No
Current ratio (in times)	Total current assets	Total current liabilities	1.71	1.79	-4%	
Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Depreciation + Finance cost	Debt service = Interest and lease payments + Principal repayments	3.54	1.89	87%	1
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	0.14	0.27	-49%	2
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	5.18	6.83	-24%	
Trade payables turnover ratio (in times)	Purchases + Other expenses	Average trade payable	3.33	6.13	-46%	3
Net capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	6.03	8.17	-26%	4
Net profit ratio (in %)	Profit for the year	Total Income	0.10	0.03	177%	5
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Total Debt - Deferred tax assets	0.11	0.39	-72%	6
Return on Investment	Unrealised Gain	Weighted average of Investments	0.29	-	100%	7

Notes:

- 1 Increase in Debt service coverage ratio is on account of increase of profits.
- 2 Decrease in return on equity is on account of increase in share holders equity consequent to issue of additional equity shares.
- 3 Decrease in trade payable turnover ratio is on account of increase in payables.
- 4 Decrease in net capital turnover is on account of increase in working capital.
- 5 Increase in net profit ratio is due to increase in net profits and increase in net sales.
- 6 Return on capital employed reduced due to increase in capital employed.
- 7 Return on investment has increased due to higher returns from treasury investments.



ARCO LAB PRIVATE LIMITED

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

31 Foreign Currency Exposure

Foreign Currency Exposure as at March 31, 2023 that have not been hedged by a derivative instrument or otherwise:

Particulars	31-Mar-23		31-Mar-22	
	Amount in Foreign Currency	INR in Million	Amount in Foreign Currency	INR in Million
Receivables -USD	0.74	60.52	0.32	23.94
Receivables -EUR (EUR 2,032 is receivable as on 31.03.2023)	0.00	0.18	0.01	0.49
Receivables -CAD (CAD 3,000 is receivable as on 31.03.2022)	0.00	0.18	0.01	0.76
Receivables -GBP	0.03	2.91	-	-
Total		63.80		25.18
Payables- USD	0.02	1.76	0.01	0.66
Payables- GBP	0.02	1.80	-	-
Payables- EURO	0.03	3.11	0.04	3.76
Total		6.67		4.42

32 The ESOP titled "Strides Shasun ESOP 2016" (ESOP 2016) was approved by the shareholders of Holding Company on April 21, 2016. 3,000,000 options are covered under the Plan which are convertible into equal number of equity shares of the Holding Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of one year from the date of vesting. Holding Company granted 42,500 options to eligible employees of the company under the above scheme. During the year, Rs.2.54 million (2022: Rs 0.31 million) has been debited to employee benefits expenses towards ESOP cost.

33 Previous year figures have been regrouped and reclassified where necessary to confirm to current year figures.

For and on behalf of Board of Directors of
Arco Lab Private Limited
 CIN: U74999KA2018PTC115573

VKB

Vinod Kumar Bhaskaran
 Director
 DIN: 07729849

SKE

Shashidhar Koppa Lingaraj
 Director
 DIN: 07636554

Place: Bengaluru
 Date : May 19, 2023

