

B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report

To the Board of Directors of

Aragen Life Sciences Limited (formerly known as *Aragen Life Sciences Private Limited*)

Opinion

We have audited the financial statements of Aragen Bioscience, Inc. (referred to as “the Company”), which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended 31 March 2023, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as “financial statements”), prepared and presented solely to facilitate the Holding Company – Aragen Life Sciences Limited in the preparation of its consolidated financial statements in accordance with Section 129(3) of the Companies Act, 2013 (“the Act”).

In our opinion, the accompanying financial statements of the Company for the year ended 31 March 2023 are prepared, in all material respects, in conformity with the basis of preparation as set out in note 2 (a) of the financial statements and group accounting policies of Aragen Life Sciences Limited.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India (‘ICAI’) and in particular SA 800 “Special Considerations – Audit of Financial Statements prepared in accordance with Special Purpose Frameworks”. 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 ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the instructions provided and accounting policies followed by Aragen Life Sciences Limited, in preparing its consolidated financial statements (“Group Accounting Policies”). This responsibility also includes maintenance of adequate accounting records for safeguarding of 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 adequate financial controls that were operating effectively for ensuring 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 misstatements, whether due to fraud or error.

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Management's and Board of Directors' Responsibility for the Financial Statements (continued)

In preparing the financial statements, the Company's Management and Board of Directors are 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 are also 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.

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of 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.



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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings 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.

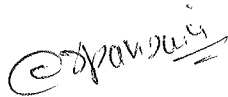
Basis of accounting and Restriction on distribution and use

We draw attention to note 2(a) to the financial statements which describes the basis of accounting. The financial statements have been prepared by the Management of the Company to assist Aragen Life Sciences Limited, the Holding Company in preparation of their consolidated financial statements. As a result, the financial statements may not be suitable for another purpose. Our report will not be intended for general circulation or publication and should not be quoted or referred to any other document or made available to any other person or persons whatsoever without our prior written consent. We do not accept or assume responsibility or liability to any other person or party to whom it is distributed to or into whose hands it may come. Our opinion is not modified in respect of this matter.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231-W/ W-100024



Arpan Jain

Partner

Membership No.: 125710

ICAI UDIN: 23125710BGYBQP7817

Place: Hyderabad

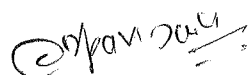
Date: 24 May 2023

Aragen Bioscience, Inc.
Balance Sheet as at 31 March 2023
(All amounts in USD thousands except share data or as otherwise stated)

Particulars	Notes	As at	
		31 March 2023	31 March 2022
Assets			
Non-current assets			
Property, Plant and Equipment	3 (a)	3,968.41	4,854.05
Capital work-in-progress	3 (b)	506.12	522.13
Other intangible assets	4	199.43	111.17
Right-of-use assets	28	2,634.60	2,839.85
Non-current tax assets, net	8	121.20	52.56
Other non-current assets	7	410.38	0.84
Total non-current assets		7,840.14	8,380.60
Current assets			
Inventories	9	422.05	370.49
Financial assets			
-Trade receivables	5	3,456.21	3,140.42
-Cash and cash equivalents	6	164.69	727.13
-Other financial assets	10	-	1.00
Other current assets	7	419.84	378.63
Total current assets		4,462.79	4,617.67
Total assets		12,302.93	12,998.27
Equity and liabilities			
Equity			
Equity share capital	11	0.19	0.19
Other equity	12	1,674.87	6,482.62
Total equity		1,675.06	6,482.81
Liabilities			
Non-current liabilities			
Financial liabilities			
-Lease liabilities	28	2,248.23	2,432.80
Total non-current liabilities		2,248.23	2,432.80
Current liabilities			
Financial liabilities			
-Borrowings	13	3,700.00	-
-Lease liabilities	28	689.59	606.61
-Trade payables	15	-	-
-Total outstanding dues of micro enterprises and small enterprises		-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		1,419.93	1,089.32
-Other financial liabilities	16	785.40	724.83
Provisions	14	617.13	829.56
Other current liabilities	17	1,167.59	832.34
Total current liabilities		8,379.64	4,082.66
Total liabilities		10,627.87	6,515.46
Total equity and liabilities		12,302.93	12,998.27
Company background and Significant Accounting Policies	1 & 2		

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

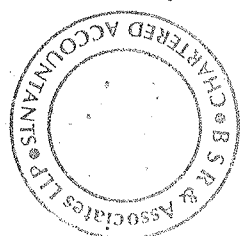
for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/W-100024



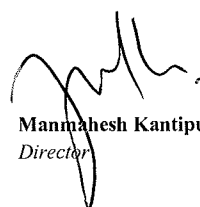
Arpan Jain
Partner
Membership No. 125710

Place: Hyderabad

Date: 24 May 2023

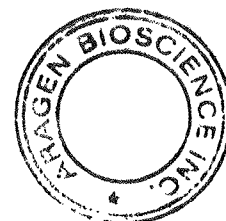


for and on behalf of the Board of Directors of
Aragen Bioscience, Inc.


Manmohesh Kantipudi
Director

Place: Hyderabad

Date: 18 May 2023



Aragen Bioscience, Inc.

Statement of Profit and Loss for the year ended 31 March 2023

(All amounts in USD thousands except share data or as otherwise stated)

Particulars	Notes	For the year ended	
		31 March 2023	31 March 2022
Revenue from operations	18	15,491.16	18,102.14
Other income		240.58	157.16
Total income (I)		15,731.74	18,259.30
Expenses			
Employee benefits expense	19	10,293.95	11,381.99
Finance costs	20	238.75	100.72
Depreciation and amortisation expense	3, 4 & 28	2,385.15	2,285.67
Other expenses	21	7,372.62	6,294.85
Total expense (II)		20,290.47	20,063.23
Loss before tax (III) = (I) - (II)		(4,558.73)	(1,803.93)
Tax expenses			
(a) Current tax		-	-
(b) Current tax relating to prior years		-	336.04
Total tax expenses (IV)		-	336.04
Net Loss for the year (V) = (III) - (IV)		(4,558.73)	(2,139.97)
Other comprehensive income		-	-
Total other comprehensive income, net of tax (VI)		-	-
Total comprehensive expense for the year (VII) = (V) + (VI)		(4,558.73)	(2,139.97)
Earnings per share (EPS)	22		
Basic		(2.44)	(1.15)
Diluted		(2.44)	(1.15)
Company background and Significant Accounting Policies	1 & 2		

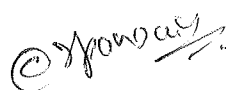
The notes referred to above form an integral part of these financial statements.

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024



Arpan Jain

Partner

Membership No. 125710

for and on behalf of the Board of Directors of
Aragen Bioscience, Inc.



Manmohesh Kantipudi

Director

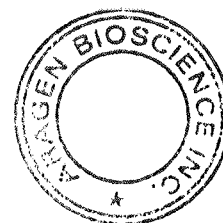
Place: Hyderabad

Date: 20 May 2023



Place: Hyderabad

Date: 18 May 2023



Aragen Bioscience, Inc.

Statement of Cash Flows for the year ended 31 March 2023

(All amounts in USD thousands except share data or as otherwise stated)

Particulars	For the year ended	
	31 March 2023	31 March 2022
Cash flow from operating activities		
Loss before tax	(4,558.73)	(1,803.93)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortisation expense	2,385.15	2,285.67
Finance costs	238.75	100.72
Provision for doubtful receivables	193.14	(155.62)
Employee stock options charge	(249.02)	81.56
Adjustments for working capital :		
(Increase) in inventories	(51.56)	(287.56)
(Increase)/ decrease in trade receivables	(508.94)	731.78
(Decrease)/ increase in provisions	(212.43)	129.51
(Increase) in other assets	(41.69)	(8.90)
Increase in trade payables	330.61	61.88
(Decrease) in other financial liabilities	(207.29)	(592.72)
Increase/ (decrease) in other liabilities	335.25	(468.29)
Cash (used in)/ generated from operations	(2,346.76)	74.10
Income-taxes paid (net)	(68.64)	(436.04)
Net cash used in operating activities (a)	(2,415.40)	(361.94)
Cash flow used in investing activities		
Purchase of Property, Plant and Equipment (net of capital advance, capital creditors and capital work-in-progress)	(952.13)	(1,567.44)
Net cash used in investing activities (b)	(952.13)	(1,567.44)
Cash flow from financing activities		
Proceeds from short-term borrowings	3,700.00	-
(Repayment) of lease liabilities, net	(758.30)	(720.37)
Finance costs paid	(136.61)	(2.58)
Net cash generated/ (used in) financing activities (c)	2,805.09	(722.95)
Net decrease in cash and cash equivalents (a+b+c)	(562.44)	(2,652.33)
Cash and cash equivalents at the beginning of the year	727.13	3,379.46
Cash and cash equivalents at the end of the year (refer note 6)	164.69	727.13

The above statement of cash flows have been prepared under the 'Indirect method' as set out in the Indian Accounting Standard (Ind AS) 7 - "Statement of Cash flows"

The accompanying notes are an integral part of the financial statements
As per our Report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/W-100024

for and on behalf of the Board of Directors of

Aragen Bioscience, Inc.

Arpan Jain

Partner

Membership No. 125710

Place: Hyderabad

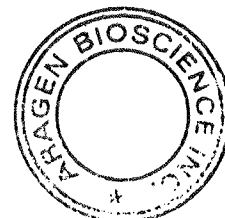
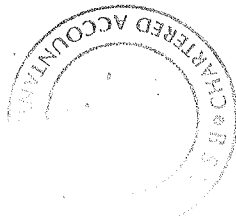
DATE: 20 MAY 2023

Manmahesh Kantipudi

Director

Place: Hyderabad

Date: 18 May 2023



Aragen Bioscience, Inc.
Statement of Changes in Equity for the year ended 31 March 2023
 (All amounts in USD thousands except share data or as otherwise stated)

(A) Equity share capital

Particulars	Common Stock		Preferred Stock		Total	
	Number	Amount	Number	Amount	Number	Amount
Shares of \$0.0001 each issued, subscribed and fully paid						
As at 31 March 2021	9,72,056	0.10	8,94,000	0.09	18,66,056	0.19
Issued during the year	-	-	-	-	-	-
As at 31 March 2022	9,72,056	0.10	8,94,000	0.09	18,66,056	0.19
Issued during the year	-	-	-	-	-	-
As at 31 March 2023	9,72,056	0.10	8,94,000	0.09	18,66,056	0.19

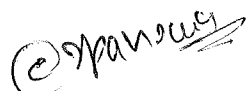
(b) Other equity

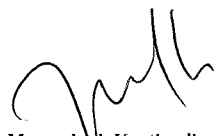
Particulars	Reserves and Surplus				
	Securities Premium	Share based payment reserve	Retained Earnings	Contribution from the Parent	Total other equity
As at 31 March 2021	8,640.70	217.62	(317.29)	-	8,541.03
Employee Stock Compensation expense	-	81.56	-	-	81.56
Total Comprehensive loss for the current year	-	-	(2,139.97)	-	(2,139.97)
As at 31 March 2022	8,640.70	299.18	(2,457.26)	-	6,482.62
Employee Stock Compensation income	-	(277.41)	-	-	(277.41)
Contribution from Parent Company	-	-	-	28.39	28.39
Total Comprehensive Loss for the current year	-	-	(4,558.73)	-	(4,558.73)
As at 31 March 2023	8,640.70	21.77	(7,015.99)	28.39	1,674.87

The accompanying notes are an integral part of the financial statements
 As per our Report of even date attached

for **BSR & Associates LLP**
 Chartered Accountants
 ICAI Firm Registration No.: 116231W/W-100024

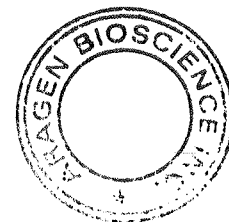
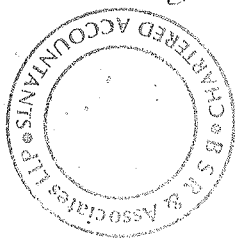
for and on behalf of the Board of Directors of
Aragen Bioscience, Inc.


Arpan Jain
 Partner
 Membership No. 125710


Manmahesh Kantipudi
 Director

Place: Hyderabad
 Date: 20 May 2023

Place: Hyderabad
 Date: 18 May 2023



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023

1. Company overview

Aragen Bioscience, Inc., (the “Company” or “Aragen”) was incorporated on 17 September 2004 to engage in any lawful activity in accordance with the General Corporation Law of California and is a wholly-owned subsidiary of Aragen Life Sciences Limited (*formerly known as Aragen Life Sciences Private Limited*) (“the Holding Company”). The Company is primarily engaged in providing contract research and development services to the biotech and pharmaceutical companies. The Company is headquartered in California, United States of America (‘USA’).

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on 18 May 2023.

2. Summary of significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (‘the Act’) read with the Companies (Indian Accounting Standards) Rules, 2015 (‘the Rules’) (as amended). The standalone financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 24 May 2023.

b) Basis of preparation of financial statements

The financial statements have been prepared to assist the Holding Company for preparation of their consolidated financial statements. Accordingly, these financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (‘the Rules’).

The financial statements have been prepared on a historical cost basis, except for the following items which have been measured at fair value at the end of each reporting period. The accounting policies applied by the Company are consistent with those used in the prior periods.

(i). Defined benefit liability/(asset): The financial statements have been prepared on a historical cost basis, except for the following item:

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

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

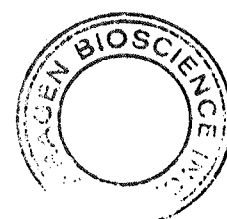
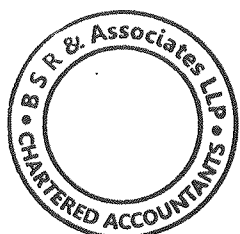
c) Current versus non-current classification:

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

An asset is treated as current when it is:

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

The Company classifies all other assets as non-current.



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

d) Fair value measurement:

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

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

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

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

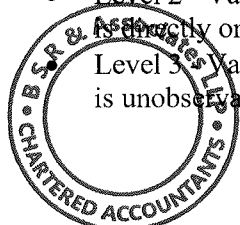
The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

e) Revenue recognition

Revenue from contracts with customers

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

Contract research services and Pharmaceutical Products Sales

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

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

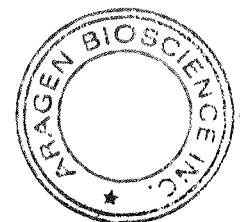
Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period.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

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

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

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as "unearned revenue").

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

Use of Significant Judgements in revenue recognition:

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

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

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

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

f) Taxes

Tax expense comprises of current and deferred tax.

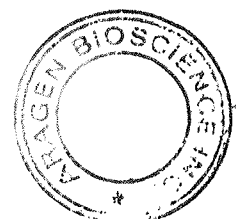
Current income tax

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

Deferred tax

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

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

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

g) Property, plant and equipment

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

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

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

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

Borrowing costs

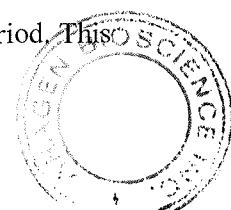
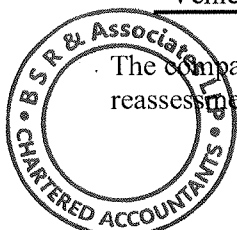
Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All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

Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is provided on straight-line method over their estimated useful lives as estimated by the management. On the basis of technical expert advice received by the Company and past experience in the industry, the management has reassessed the useful life of its fixed assets as follows.

Nature of the assets	Useful life
Laboratory equipment	3 to 5 Years
Office equipment	3 to 5 Years
Vehicles	5 Years

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

h) Intangible asset

Software licenses including computer software

Intangible assets in the nature of software licenses are measured on initial recognition at cost including expenditure incurred towards implementation of such software. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

Amortization

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed more than three years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life.

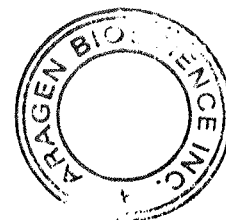
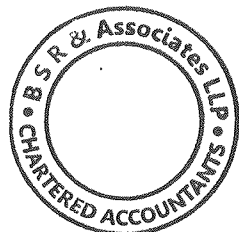
i) Leases

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

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

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

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

As a lessee

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

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

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

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

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

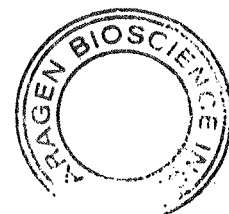
The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

j) Inventories

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

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

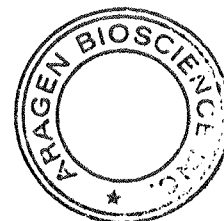
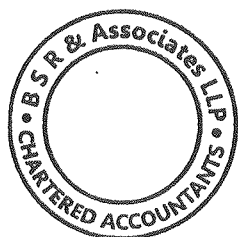
Finished goods are valued at cost or net realizable value, whichever is lower

k) Impairment of non-financial asset

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU using the Discounted Cashflow Model (DCF). The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

l) Provisions

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

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

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

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

m) Retirement and other employee benefits

Short-term employee benefits

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

Defined contribution plans

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

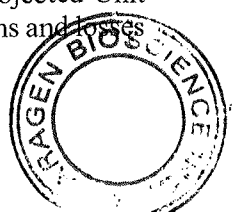
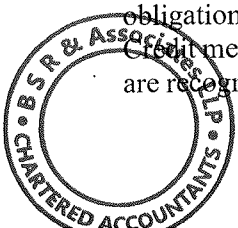
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered Provident Fund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

Defined benefit plans

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

Other long term employee benefits

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

n) Share based Payments

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

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

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

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

o) Financial instruments:

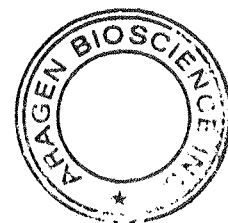
Initial recognition and measurement:

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

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

Subsequent measurement: For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments
- Equity instruments



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

Debt instruments: A 'debt instrument' is measured at the amortised cost if both the following conditions are met: a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 5.

Equity instruments

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

Derecognition

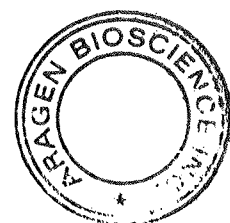
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

p) Offsetting

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

q) Impairment of financial assets

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

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

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

r) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

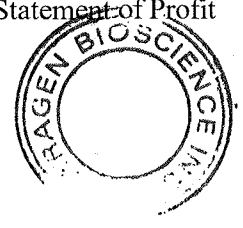
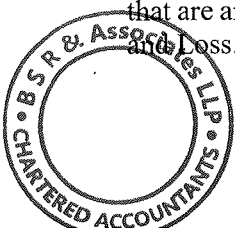
Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

s) Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to borrowings.



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

Derecognition

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

Reclassification of financial assets

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

t) Cash and cash equivalents

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

u) Earnings per share

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

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

v) Segment reporting

Segments are identified taking into consideration the internal organization and management structure as well as the differential risk and returns of the segment.

Based on the Company's business model, contract research solutions have been considered as the only reportable business segment and hence no separate financial disclosures are provided in respect of its single business segment.



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in \$ Thousands except share data, unless otherwise stated)

2. Summary of significant accounting policies (Continued)

w) Cash flow statement

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

x) Recent Indian Accounting Standards (Ind AS):

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

Ind AS 1 – Presentation of Financial Statements

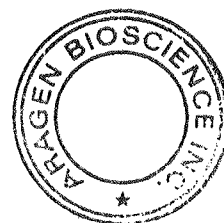
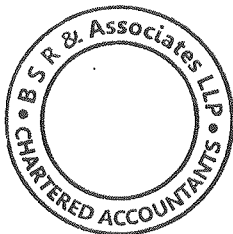
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose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

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

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

Ind AS 12 – Income Taxes

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



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

3 (a) Property, plant and equipment

Particulars	Lab equipment and furniture	Office equipment	Leasehold improvements	Total
Gross carrying amount				
As at 31 March 2021	5,602.15	242.79	4,184.34	10,029.28
Additions during the year	972.60	64.81	10.20	1,047.61
Disposals during the year	-	-	-	-
As at 31 March 2022	6,574.75	307.60	4,194.54	11,076.89
Additions during the year	550.70	5.45	95.65	651.80
Disposals during the year	-	-	-	-
As at 31 March 2023	7,125.45	313.05	4,290.19	11,728.69
Accumulated depreciation				
As at 31 March 2021	2,898.04	170.91	1,671.94	4,740.89
Charge for the year	906.19	32.17	543.59	1,481.95
Disposals	-	-	-	-
As at 31 March 2022	3,804.23	203.08	2,215.53	6,222.84
Charge for the year	950.39	43.92	543.13	1,537.44
Disposals	-	-	-	-
As at 31 March 2023	4,754.62	247.00	2,758.66	7,760.28
Net carrying amount				
As at 31 March 2023	2,370.83	66.05	1,531.53	3,968.41
As at 31 March 2022	2,770.52	104.52	1,979.01	4,854.05

3 (b) Capital work-in-progress

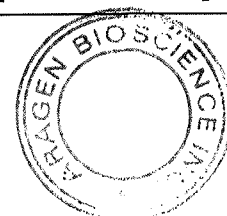
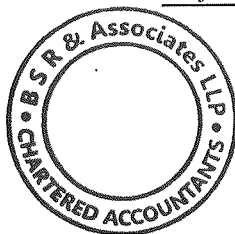
Particulars	Amount
As at 31 March 2023	
Cost	
As at 31 March 2022	522.13
Additions during the year	506.12
Capitalised during the year	(61.20)
Transferred to Parent company during the year	(460.93)
As at 31 March 2023	506.12
As at 31 March 2022	
Cost	
As at 1 April 2021	137.25
Additions during the year	384.88
Capitalised during the year	-
As at 31 March 2022	522.13

Ageing for capital work-in-progress as at March 31, 2023

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3years	> 3 years	
Projects in progress	506.12	-	-	-	506.12
Projects temporarily suspended	-	-	-	-	-

Ageing for capital work-in-progress as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3years	> 3 years	
Projects in progress	384.88	137.25	-	-	522.13
Projects temporarily suspended	-	-	-	-	-



Aragen Bioscience, Inc.

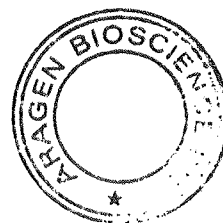
Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

4 Other Intangible assets

Particulars	Licence	Computer Software	Total
Gross carrying amount			
As at 31 March 2021	333.50	-	333.50
Additions during the year	-	-	-
Disposals during the year	-	-	-
As at 31 March 2022	333.50	-	333.50
Additions during the year	-	264.93	264.93
Disposals during the year	-	-	-
As at 31 March 2023	333.50	264.93	598.43
 Accumulated amortization			
As at 31 March 2021	111.17	-	111.17
Charge for the year	111.16	-	111.16
Disposals	-	-	-
As at 31 March 2022	222.33	-	222.33
Charge for the year	111.17	65.50	176.67
Disposals	-	-	-
As at 31 March 2023	333.50	65.50	399.00
 Net carrying amount			
As at 31 March 2023	-	199.43	199.43
As at 31 March 2022	111.17	-	111.17

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Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

5 Trade receivables

Particulars	As at	
	31 March 2023	31 March 2022
(Unsecured)		
- Considered good		
- related parties	524.43	358.14
- other parties	2,931.78	2,782.28
	<u>3,456.21</u>	<u>3,140.42</u>
- Considered doubtful		
- related parties	-	-
- other parties	429.42	236.28
	<u>3,885.63</u>	<u>3,376.70</u>
Less: Provision for loss allowance	(429.42)	(236.28)
Total	<u><u>3,456.21</u></u>	<u><u>3,140.42</u></u>
	31 March 2023	31 March 2022
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	3,456.21	3,140.42
Trade receivables which have significant increase in credit risk	429.42	236.28
Trade receivables - credit impaired	-	-
Total	<u><u>3,885.63</u></u>	<u><u>3,376.70</u></u>
Provision for loss allowance	(429.42)	(236.28)
Total	<u><u>3,456.21</u></u>	<u><u>3,140.42</u></u>

Trade Receivables ageing schedule as at 31 March 2023:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			< 6 months	6 months-1 year	1-2years	2-3years	> 3years	
(i)Undisputed Trade receivables – considered good	-	2,687.87	768.34	-	-	-	-	3,456.21
(ii)Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	46.40	236.65	-	0.04	283.09
(iii) Undisputed Trade Receivables – credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	71.94	17.38	27.30	29.71	146.33
(iv) Disputed Trade Receivables - credit Impaired	-	-	-	-	-	-	-	-
Gross trade receivables	-	2,687.87	768.34	118.34	254.03	27.30	29.75	3,885.63
Less: Allowance provision								(429.42)
Net trade receivables								3,456.21

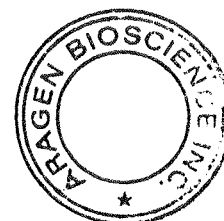
Trade Receivables ageing schedule as at 31 March 2022:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			< 6 months	6 months-1 year	1-2years	2-3years	> 3years	
(i)Undisputed Trade receivables – considered good	358.14	2,092.51	689.77	-	-	-	-	3,140.42
(ii)Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	174.18	5.05	-	0.04	179.27
(iii) Undisputed Trade Receivables – credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	27.30	29.71	-	57.01
(iv) Disputed Trade Receivables - credit Impaired	-	-	-	-	-	-	-	-
Total	358.14	2,092.51	689.77	174.18	32.35	29.71	0.04	3,376.70
Less: Allowance provision								(236.28)
Net trade receivables								3,140.42

- (i) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is partner, a director or a member.
- (ii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
- (iii) Information on Company's exposure to Credit risk is given in Note 25.
- (iv) Reconciliation of loss allowance

Particulars	Amount
Provision for loss allowance as on 31 March 2022	236.28
Provision made during the year, net of utilisation	193.14
Write off made during the year	-
Provision for loss allowance as on 31 March 2023	429.42

- (v) Refer Note 29 for related party transactions



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

6 Cash and cash equivalents

Particulars	As at	
	31 March 2023	31 March 2022
Balances with banks		
- In current accounts	164.64	727.08
Cash on hand	0.05	0.05
	<u>164.69</u>	<u>727.13</u>

Information on Company's exposure to Credit risk is given in Note 25.

7 Other assets

Particulars	As at	
	31 March 2023	31 March 2022
(Unsecured, considered good)		
Non-current		
Capital advances	408.05	-
Prepaid expenses	2.33	0.84
	<u>410.38</u>	<u>0.84</u>
Current		
Advance for expenses	22.37	18.53
Deposits	38.92	14.13
Prepaid expenses	358.55	345.97
	<u>419.84</u>	<u>378.63</u>

8 Non-current tax assets, net

Particulars	As at	
	31 March 2023	31 March 2022
TDS recoverable	121.20	52.56
	<u>121.20</u>	<u>52.56</u>

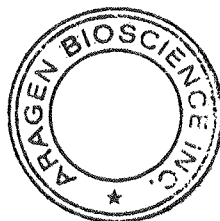
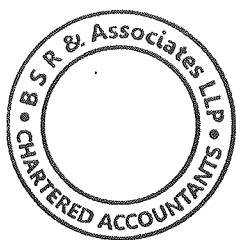
9 Inventories

Particulars	As at	
	31 March 2023	31 March 2022
Valued at the lower of cost and net realisable value		
Chemicals and consumables	422.05	370.49
	<u>422.05</u>	<u>370.49</u>

10 Other financial assets

Particulars	As at	
	31 March 2023	31 March 2022
Employee advances	-	1.00
	<u>-</u>	<u>1.00</u>

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Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

11 Share capital

Particulars	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
Authorized				
Common Stock				
Series A of \$0.0001 each	1,00,00,000	1.00	1,00,00,000	1.00
Series B of \$0.0001 each	1,00,00,000	1.00	1,00,00,000	1.00
	2,00,00,000	2.00	2,00,00,000	2.00
Preferred Stock				
Series A of \$0.0001 each	50,00,000	0.50	50,00,000	0.50
Series B of \$0.0001 each	50,00,000	0.50	50,00,000	0.50
	1,00,00,000	1.00	1,00,00,000	1.00
Issued, subscribed and fully paid-up				
Common stock				
Series A of \$0.0001 each	7,96,000	0.08	7,96,000	0.08
Series B of \$0.0001 each	1,76,056	0.02	1,76,056	0.02
Total	9,72,056	0.10	9,72,056	0.10
Preferred Stock				
Series A of \$0.0001 each	7,25,000	0.07	7,25,000	0.07
Series B of \$0.0001 each	1,69,000	0.02	1,69,000	0.02
Total	8,94,000	0.09	8,94,000	0.09

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

Particulars	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
Common stock				
Series A				
Balance at the beginning of the year	7,96,000	0.08	7,96,000	0.08
Series B				
Balance at the beginning of the year	1,76,056	0.02	1,76,056	0.02
Issued during the year	-	-	-	-
Balance at the end of the year	9,72,056	0.10	9,72,056	0.10
Preferred Stock				
Series A				
Balance at the beginning of the year	7,25,000	0.07	7,25,000	0.07
Series B				
Balance at the beginning of the year	1,69,000	0.02	1,69,000	0.02
Issued during the year	-	-	-	-
	8,94,000	0.09	8,94,000	0.09

(b) Terms/rights attached to common stock

The Company has one class of common stock having a par value of \$0.0001 per share. Each holder of Series A common stock is entitled to one vote per share and Each holder of Series B common stock is entitled to ten votes per share.

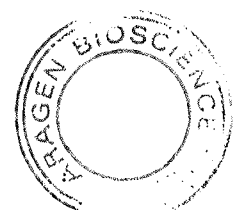
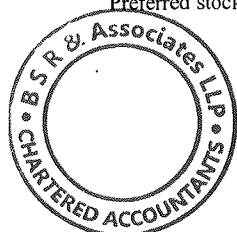
In the event of liquidation of the Company, the holders of common stock will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of common stock held by the shareholders.

Terms/rights attached to preferred stock

The holders of Series A and Series B preferred stock have rights identical with the holders of common stock except with respect of liquidation.

(c) Shares held by Holding Company

Particulars	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited), Holding company				
Common stock	9,72,056	0.10	9,72,056	0.10
Preferred stock	8,94,000	0.09	8,94,000	0.09



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

11 Share capital (continued)

(d) Details of shareholders holding more than 5% common stock in the Company

Particulars	31 March 2023		31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
Aragen Life Sciences Limited (<i>formerly known as Aragen Life Sciences Private Limited</i>)	9,72,056	100%	9,72,056	100%

(e) Details of shareholders holding more than 5% preferred stock in the Company

Particulars	31 March 2023		31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
Aragen Life Sciences Limited	8,94,000	100%	8,94,000	100%

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

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

During FY2019, the Company's Board of Directors adopted, the Company's Omnibus Equity Incentive Plan (the plan). Under the plan, the option exercise price per share would be \$7.42 per share. The Option granted under the plan would vest over 4 years. The fair value of the option on the grant date is \$7.42 per share. The Company has approved 168,000 shares under the plan in July 2018.

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

	As at 31 March 2023		As at 31 March 2022	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of the year	52,575	12.47	78,540	12.80
Granted during the year	-	-	3,200	11.34
Forfeited during the year	43,935	13.26	29,165	13.23
Outstanding, end of the year	8,640	7.42	52,575	12.47
Exercisable at the end of the year	8,640	7.42	32,415	12.30

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

	31 March 2023	31 March 2022
Risk free interest rate	2.75%	2.75%
Expected life of share options (years)	5.51	5.51
Expected volatility (%)	26.50%	26.50%
Expected dividend yield (%)	0.00%	0.00%

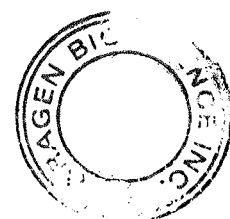
The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Issue of Holding Company Employee Stock Option during the year

During the current year, the employees of the Company have been issued share options of the holding company under the ESOP-2022 incentive plan of the holding company. The total number of share options received by the employees of the Company are 43,377 (performance based: 30,983 share options and service based: 12,394 share options) at exercise price of 0.12 \$ per share with a vesting period of 1 year

Shares held by the promoters

Particulars	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Aragen Life Sciences Limited (<i>formerly known as Aragen Life Sciences Private Limited</i>)					
- Common stock	9,72,056	0.10	9,72,056	0.10	-
- Preferred stock	8,94,000	0.09	8,94,000	0.09	-



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

12 Other equity

Particulars	As at	
	31 March 2023	31 March 2022
Securities premium		
Balance at the beginning of the year	8,640.70	8,640.70
Add: Received during the year	-	-
Less: utilised during the year	-	-
Balance at the end of the year	8,640.70	8,640.70
Retained earnings		
Balance at the beginning of the year	(2,457.26)	(317.29)
Loss for the year	(4,558.73)	(2,139.97)
Balance at the end of the year	(7,015.99)	(2,457.26)
Share based payment reserve		
Balance at the beginning of the year	299.18	217.62
Add: Gross compensation for stock options granted/ (forfeited) during the year	(277.41)	81.56
Balance at the end of the year	21.77	299.18
Contribution from the Parent		
Balance at the beginning of the year	-	-
Add: Contribution during the year	28.39	-
Balance at the end of the year	28.39	-
Total	1,674.87	6,482.62

Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in securities premium reserve. This reserve is utilised in accordance with the provisions of the Act.

Share based payment reserve

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

Retained earnings

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit and loss less dividend distribution and transfers to general reserve

13 Borrowings

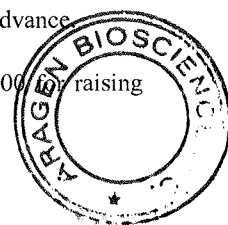
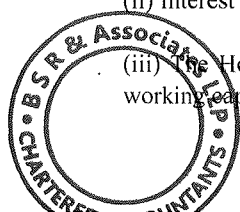
Particulars	As at	
	31 March 2023	31 March 2022
Secured		
Working capital loans from banks (refer note below)	3,700.00	-
Total	3,700.00	-

Note:

(i) Pari-passu first charge on all of grantor's personal property of every kind and nature, including, without limitation, all accounts (including healthcare insurance receivables), goods (including inventory, equipment, fixtures and any accessions thereto and embedded software), chattel paper (whether electronic, tangible or intangible), documents instruments (including promissory notes), general intangibles, letter of credit rights (whether or not the letter of credit is evidenced by a writing), supporting obligations, commercial tort claims, investment property (including securities), money, deposit accounts, and other contract rights or rights to the payment of money. The loan is repayable on demand.

(ii) Interest on the unpaid principal balance of this loan will be calculated using a rate of 200 basis points over SOFR advance

(iii) Holding Company, Aragen Life Sciences Limited has provided a corporate guarantee amounting to \$ 5,000 raising working capital from banks and financial institutions.



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

13 Borrowings (continued)

(a) Changes in liabilities arising from financial liabilities

The following table sets out an analysis of the movements in net debt for the year:

Particulars	Liabilities from financing activities		Total
	Current borrowings	Interest accrued*	
As on 31 March 2021	-	-	-
Cash flows	-	-	-
Interest expense	-	-	-
Interest paid	-	-	-
As on 31 March 2022	-	-	-
Cash flows	3,700.00	-	3,700.00
Interest expense	-	127.03	127.03
Interest paid	-	(115.52)	(115.52)
As on 31 March 2023	3,700.00	11.51	3,711.51

*Excludes interest accrued on lease liabilities \$6.10 (31 March 2022: \$7.45) and commission expense \$12.08 (31 March 2022: \$1.36) on corporate guarantee received from the Parent Company

14 Provisions

Particulars	As at	
	31 March 2023	31 March 2022
Current		
-Compensated absences	617.13	829.56
	617.13	829.56

15 Trade payables

Particulars	As at	
	31 March 2023	31 March 2022
-Total outstanding dues of micro and small enterprises	-	-
-Total outstanding dues of creditors other than micro and small enterprises	1,419.93	1,089.32
	1,419.93	1,089.32

- i) Trade payables are non-interest bearing and are normally settled on 30 to 45 day terms.
- ii) Information on Company's exposure to credit risk is given in Note 25.
- iii) Refer Note 29 for related party disclosures

Trade payables ageing schedule as at 31 March 2023

Particulars	Not Due- Trade Payables	Outstanding for following periods from due date of payment				Total
		< 1 year	1-2 years	2-3years	> 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	352.49	903.82	8.39	0.16	2.97	1,267.83
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Accrued for Expenses	-	-	-	-	-	152.10
Total	352.49	903.82	8.39	0.16	2.97	1,419.93

Trade payables ageing schedule as at 31 March 2022

Particulars	Not Due- Trade Payables	Outstanding for following periods from due date of payment				Total
		< 1 year	1-2 years	2-3years	> 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	678.23	95.50	16.59	3.98	0.77	795.07
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
(v) Accrued for Expenses	-	-	-	-	-	294.25
Total	678.23	95.50	16.59	3.98	0.77	1,089.32

16 Other financial liabilities

Particulars	As at	
	31 March 2023	31 March 2022
Current		
At amortised cost		
Creditors for capital goods	386.18	139.20
Dues to employees	369.53	576.82
Interest accrued but not due	29.69	8.81
	785.40	724.83



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

17 Other current liabilities

Particulars	As at	
	31 March 2023	31 March 2022
Contract liabilities	232.30	80.53
Deferred income	882.38	650.26
Statutory liabilities	52.91	101.55
	1,167.59	832.34

18 Revenue from operations

Particulars	For the year ended	
	31 March 2023	31 March 2022
Revenue from services:		
- Contract research services	15,491.16	18,102.14
	15,491.16	18,102.14

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

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the company has applied the practical expedient in Ind AS 115. Accordingly, the company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts. Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is \$882.38 (31 March 2022: \$650.26) out of which 100% is expected to be recognised as revenue in the next year. No consideration from contracts with customers is excluded from the amount mentioned above.

(a) Information about products and services

The Company deals in different types of services

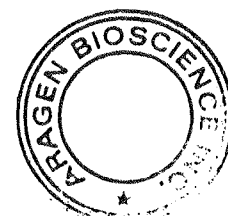
Services	Timing of recognition (Over the period / Point in time)	For the year ended	
		31 March 2023	31 March 2022
Sale of services	Over the period	15,491.16	18,102.14
Total		15,491.16	18,102.14

(b) Contract balances:

	For the year ended	
	31 March 2023	31 March 2022
Trade receivables (Refer note 5)	3,456.21	3,140.42
Contract liabilities (Refer note 17)	232.30	80.53

Disaggregated Revenue information

Particulars	For the year ended	
	31 March 2023	31 March 2022
Revenues from Contract research services income by geography		
North America	13,673.96	15,396.02
Europe	798.77	466.62
India	233.14	46.34
Others	785.29	2,193.16
	15,491.16	18,102.14



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

18 Revenue from operations

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

Reconciliation of revenue with contract price

Particulars	For the year ended	
	31 March 2023	31 March 2022
Contract price	15,491.16	18,102.14
Less : Discounts	-	-
Revenue from operations	15,491.16	18,102.14

19 Employee benefits expense

Particulars	For the year ended	
	31 March 2023	31 March 2022
Salaries, Wages and Bonus	8,512.79	9,392.60
Employee stock compensation expenses	(249.02)	81.56
Contribution to other funds (note a)	265.34	293.16
Staff welfare expenses	1,764.84	1,614.67
	10,293.95	11,381.99

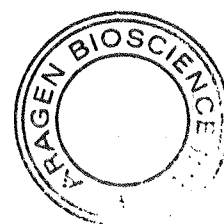
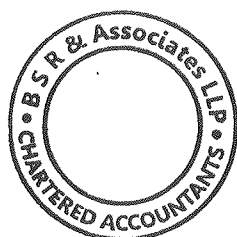
(a) Defined contribution plan

During year ended 31 March 2023, the Company contributed \$265.34 (31 March 2022: \$293.16) to Company Sponsored Retirement Account.

20 Finance costs

Particulars	For the year ended	
	31 March 2023	31 March 2022
Interest on borrowings	157.49	-
Interest on lease liabilities	81.26	100.72
	238.75	100.72

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Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

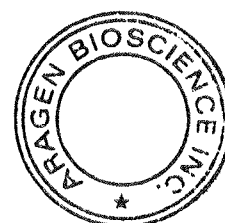
21 Other expenses

Particulars	For the year ended	
	31 March 2023	31 March 2022
Direct expenses:		
Chemicals and consumables	3,720.13	3,026.55
Other direct expenses	437.40	455.09
Indirect expenses:		
Repairs to:		
- Buildings	26.49	36.82
- Machinery	396.71	448.42
- Others	1.10	16.18
Common Area Maintenance & Power charges	421.21	436.92
Insurance	50.35	66.84
Rates and taxes	114.77	102.57
Communication expenses	70.55	54.02
Office maintenance expenses	255.29	280.91
Travelling and conveyance	182.17	100.85
Consultancy and professional charges	1,149.75	918.51
Printing and stationery	3.06	13.42
Provision for doubtful receivables	193.14	(155.62)
Subscription fees	152.22	215.99
Business development expenses	131.37	180.92
Payments to the auditor (refer note a)	17.00	10.95
Miscellaneous expenses	49.91	85.51
	<u>7,372.62</u>	<u>6,294.85</u>

(a) Payments to the auditor

Particulars	For the year ended	
	31 March 2023	31 March 2022
Audit fee	17.00	10.95
	<u>17.00</u>	<u>10.95</u>

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Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

22 Earnings per share (EPS)

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

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

Particulars	For the year ended	
	31 March 2023	31 March 2022
Loss for the year	(4,558.73)	(2,139.97)
Weighted average number of equity shares in calculating basic EPS	18,66,056	18,66,056
Nominal value per equity share	0.0001	0.0001
Effect of dilution:		
Weighted average number of equity shares in calculating basic and diluted EPS	18,66,056	18,66,056
Basic and Diluted earnings per share	(2.44)	(1.15)

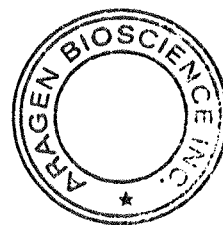
23 Fair value measurements

(i) Break-up of financial assets and financial liabilities carried at amortized cost

Particulars	As at	
	31 March 2023	31 March 2022
Financial assets		
Trade receivables	3,456.21	3,140.42
Other financial asset	-	1.00
Cash and cash equivalents	164.69	727.13
Total	3,620.90	3,868.55
Financial liabilities		
Lease liabilities	2,937.82	3,039.41
Short term borrowings	3,700.00	-
Trade payables	1,419.93	1,089.32
Other financial liabilities	785.40	724.83
Total	8,843.15	4,853.56

- (ii) The Company's principal financial liabilities comprises of borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. For all other amortised cost instruments, carrying value represents the best estimate of fair value.

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Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

24 Significant accounting judgements, estimates and assumptions

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

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant 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. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Useful lives of property, plant and equipment

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Going concern assumption

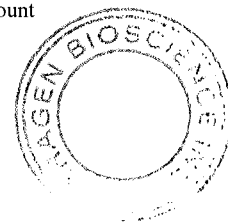
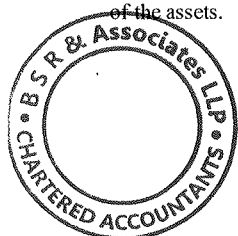
As at 31 March 2023, the Company has a net current liability of \$ (3,916.84) (FY22: net current assets:\$535.00). The Company's earnings before depreciation and amortisation, interest and before tax are \$ (1,934.83) (FY22: \$582.46) for the year ended 31 March 2023. The management also expects that there will be significant increase in the operations of the Company, leading to improved cashflow which would be further backed by the continuous support from the Parent Company to meet the operational requirements as they arise and meet its liability as and when due. Accordingly, these financial statements does not include any adjustments relating to the recoverability and classification of carrying value of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF (Discounted cash flow) model. The cash flows are derived from the forecast for future years. These do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognized by the Company.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost, the Company also creates specific provision for impairment loss on a case to case basis. Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.



25 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company is exposed to credit risk, liquidity risk, interest rate risk, market risk and currency risk. The Company's senior management oversees the management of these risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Credit risk is managed by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company also establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables. The carrying amounts of trade receivables as disclosed in note no. 5 represent the maximum credit risk exposure.

Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's finance team in accordance with the Company's policy. Investments of surplus funds are made only with approved and reputed banks and within credit limits assigned to each bank. The amounts invested and details of relevant banks are reviewed by the Company's Board of directors on annual basis.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term bank loans and by way of support from its Holding Company. The Company assessed the concentration of risk with respect to debt refinancing as low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

Particulars	As at	
	31 March 2023	31 March 2022
On demand		
- Borrowings	3,700.00	-
Less than 1 Year		
- Lease liabilities	785.42	689.30
- Other financial liabilities	785.40	724.83
- Trade payables	1,419.93	1,089.32
1 to 5 years		
- Lease liabilities	2,402.54	2,229.59
More than 5 years		
- Lease liabilities	-	372.45

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the floating interest rate borrowings.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Our Board of Directors are responsible for overseeing our risk assessment and management policies. Our major market risks of foreign exchange and interest rate risk are managed by our finance department, which evaluates and exercises independent control over the entire process of market risk management.

Currency Risk

The functional currency of the Company is primarily the local currency in which it operates. The currencies in which these transactions are primarily denominated are USD. The Company is exposed to currency risk in respect of transactions in foreign currency. There is no foreign currency revenue. There are no foreign currency receivables or payables as on 31 March 2023 and 31 March 2022.

26 Capital management

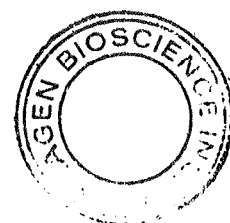
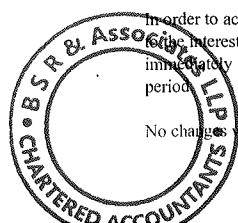
For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the share holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company's policy is to keep the gearing ratio in optimal level. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Particulars	As at	
	31 March 2023	31 March 2022
Borrowings (note 13)	3,700.00	-
Lease liabilities (note 28)	2,937.82	3,039.41
Trade payables (note 15)	1,419.93	1,089.32
Other financial liabilities (note 16)	785.40	724.83
Less: Cash and cash equivalents (note 6)	(164.69)	(727.13)
Net debt	8,678.46	4,126.43
Total equity	1,675.06	6,482.81
Total equity	1,675.06	6,482.81
Gearing ratio	5.18	0.64

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.



Aragen Bioscience, Inc.
Notes to the financial statements for the year ended 31 March 2023 (continued)
(All amounts in USD thousands except share data or as otherwise stated)

27 Commitments

Particulars	As at	
	31 March 2023	31 March 2022
Estimated amount of contracts amounting to be executed on capital account and not provided for (net of advances)	1,448.77	104.80

28 Leases

The Company leases assets including premises and equipments. Information about leases for which the Company is a lessee is presented below.

Following are the changes in the carrying values of right of use assets for the year ended 31 March 2023 and 31 March 2022

Particulars	Premises	Equipment	Total
As at 1st April 2021	4,441.20	880.13	5,321.33
Additions during the year	-	-	-
As at 31 March 2022	4,441.20	880.13	5,321.33
Additions during the year	575.45	-	575.45
As at 31 March 2023	5,016.65	880.13	5,896.78
Accumulated depreciation			
As at 1st April 2021	1,139.24	649.69	1,788.93
Depreciation	568.84	123.71	692.55
As at 31 March 2022	1,708.08	773.40	2,481.48
Depreciation	568.85	102.20	671.05
Reclassification to capital work in progress	109.65	-	109.65
As at 31 March 2023	2,386.58	875.60	3,262.18
Balance as at 31 March 2023	2,630.07	4.53	2,634.60
Balance as at 31 March 2022	2,733.12	106.73	2,839.85

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

The following is the movement in Lease liabilities and Interest accrued on Lease liabilities during the year ended 31 March 2023 and 31 March 2022

Particulars	31 March 2023	31 March 2022
Balance at the beginning of the year	3,039.41	3,659.06
Additions	575.45	-
Finance cost accrued during the year	81.26	100.72
Payment of lease liabilities	(758.30)	(720.37)
Balance at the end of the year	2,937.82	3,039.41

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

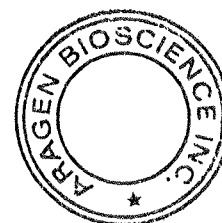
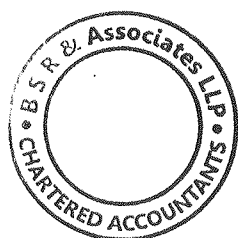
Particulars	31 March 2023	31 March 2022
Less than one year	785.42	689.30
One to five years	2,402.54	2,229.59
More than five years	0.00	372.45
Total undiscounted lease liabilities	3,187.96	3,291.34

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

Particulars	31 March 2023	31 March 2022
Current	689.59	606.61
Non-current	2,248.23	2,432.80
Total	2,937.82	3,039.41

Amounts recognised in Statement of Profit and Loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on lease liabilities	81.26	100.72
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	6.21	6.21
Total	87.47	106.93



Aragen Bioscience, Inc.

Notes to the financial statements for the year ended 31 March 2023 (continued)

(All amounts in USD thousands except share data or as otherwise stated)

29 Related party disclosures

a) Name of related parties and nature of relationship

Names of the related parties	Nature of relationship
Related parties	
Aragen Life Sciences Limited (formerly known as Aragen Life Sciences Private Limited)	Holding Company
Aragen Lifesciences B.V. (formerly known as GVK Biosciences B.V.)	Fellow Subsidiary
Intox Private Limited	Fellow Subsidiary
Aragen Foundation	Entity controlled by holding company
Aragen Employees Welfare Trust (formerly known as GVK Bio Employees Welfare Trust)	Entity controlled by holding company
Dr Robert Ruffolo	Director
Dr Bruce Schneider	Director
Dr Emilio Emini	Director (w.e.f 28 October 2022)
Dr J B Gupta	Director
Mr. Manmahesh Kantipudi	Director
Mr. Sowjanya Kumar Reddy	Key Management Personnel (KMP)
Mr. Subodh Kumar Deshmukh	Key Management Personnel (KMP) (w.e.f 27 February 2023)

b) Transactions with related parties

Particulars	For the year ended	
	31 March 2023	31 March 2022
Aragen Life Sciences Limited		
Interest expense	38.33	-
Shared services	417.44	371.43
Reimbursement of expenses	5,649.12	3,134.64
Purchase of material	183.57	169.91
Remuneration to Directors and KMP		
Mr. Robert Richard Ruffolo	-	60.00
Mr. Bruce Schneider	35.00	35.00
Mr. Sowjanya Kumar Reddy	215.70	209.49
Mr. Subodh Kumar Deshmukh	68.37	-

c) Balances receivable/(payable)

Particulars	As at	
	31 March 2023	31 March 2022
Aragen Life Sciences Limited		
- Corporate guarantee	5,500.00	3,500.00
- Trade receivable	524.43	358.14
- Trade payable	(322.26)	(94.96)

30 Segment information

Operating segments

Based on Company's business model, providing contract research services has been considered as the only reportable business segment and hence no separate disclosures as provided in respect of its single business segment.

Geographical information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. the United States of America) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of the customers and segment assets which have been based on the geographical location of the assets.

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

32 Other information

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(b) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(c) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(d) The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

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

As per our Report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

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

Arpan Jain

Arpan Jain

Partner

Membership No. 125710

Place: Hyderabad

Dakshu May 2023



for and on behalf of the Board of Directors of
Aragen Bioscience, Inc.

Manmahesh Kantipudi

Manmahesh Kantipudi

Director

Place: Hyderabad

Date: 18 May 2023

