

BIOCON FZ-LLC
DUBAI DEVELOPMENT AUTHORITY,
DUBAI, UNITED ARAB EMIRATES

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

**BIOCON FZ-LLC
DUBAI DEVELOPMENT AUTHORITY,
DUBAI, UNITED ARAB EMIRATES**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

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Biocon FZ-LLC

Dubai Development Authority
Dubai, United Arab Emirates

General Information

Principal Office Address: DSP- HQ Complex- 707N, Dubai Science Park,
Dubai – United Arab Emirates

Website : www.biocon.com

The Shareholder	: Name	Nationality
	M/s. Biocon Limited	India

The Auditor : M&M Al Menhali Auditing
Dubai – United Arab Emirates

The Bank : Citi Bank N.A.
Bank of Baroda

Directors' Report

The Directors present the annual report and the audited financial statements for the year ended March 31, 2023.

Legal Aspect

Biocon FZ-LLC, ("the Company") is registered with Dubai Development Authority (earlier known as Dubai Creative Clusters Authority) as a Free Zone Company with Limited Liability and operates under the License No. 93004 originally issued on June 16, 2015.

The company is licensed by Dubai Development Authority to engage in marketing & sales promotion, import and re-export and storage of pharmaceuticals including providing support service.

Authorised, issued and paid-up capital of the Company is AED 150,000 divided into 150 shares of AED 1,000 each fully paid and held by the shareholder,

Name of the Shareholder	Nominal Value	No of shares	Value in AED	Nationality
Biocon Limited	1,000	150	150,000	India (Corporate)
Total	1,000	150	150,000	

Financial performance

During the year under review, the Company's summary of financial performance is as follows:

	March 31, 2023	March 31, 2022
Revenue	9,300,072	19,385,320
Gross profit	964,688	1,264,200
Gross profit margin	10%	7%
Net Profit for the year	529,081	83,061

Changes in accounting policies

Accounting policies have been consistently applied during the year. There have been no significant changes in accounting policies.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. There are no material events affecting the continuation of **Biocon FZ-LLC** and its ability to continue its operations during the next financial year.

Auditors

M & M Al Menhali Auditing (Member of network firm MGI worldwide), the auditors of the Company, have indicated their willingness to continue in office.

Statement of Director's responsibility

The management is responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of Dubai Development Authority and the Company's Memorandum and Articles of Association which might have materially affected the financial position of the Company or its financial performance.

Approved by the Board and Signed on its behalf by:

Director,
May 5, 2023

Director,
May 5, 2023



A U D I T I N G (DMCC BRANCH)
REGISTERED AND LICENSED AS A FREE ZONE COMPANY
UNDER THE RULES & REGULATIONS OF DMCCA



الممنهالي
لتدقيق الحسابات (فرع د.م.س.)
مسجلة ومترخصة كشركة منطقة حرة
طبقاً لقوانين وأنظمة سلطة مركز دبي للسلع المتعددة

Independent auditor's report to the shareholder of Biocon FZ-LLC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Biocon FZ-LLC** (the "Company") as of **March 31, 2023** and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as of March 31, 2023;
- the statement of income for the year then ended;
- the statement of changes in Equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The Management is responsible for the other information. The other information comprises the Manager's report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

2307, LIWA HEIGHTS, Jumeirah Lakes Towers,
P.O. Box: 43711, Dubai, U.A.E.
Tel: +971 4 4486 424, Fax: +971 4 4486 423
E-mail : info@mandmauditing.com, Website: www.mandmauditing.com

٢٣٠٧، ليوا هايتس، أبراج بحيرات جميرا
ص.ب: ٤٣٧١١، دبي، إ.ع.م.
هاتف: +٩٧١ ٤ ٤٤٨٦ ٤٢٤، فاكس: +٩٧١ ٤ ٤٤٨٦ ٤٢٣
E-mail : info@mandmauditing.com, Website: www.mandmauditing.com

REGD OFFICE: P.O Box: 43711, Dubai, U.A.E.
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A L M E N H A L I

A U D I T I N G (DMCC BRANCH)

REGISTERED AND LICENSED AS A FREE ZONE COMPANY
UNDER THE RULES & REGULATIONS OF DMCCA

المنهالي

لتدقيق الحسابات (فرع م.د.م.س)
مسجلة ومرخصة كشركة منطقة حرة
طبقاً لقوانين وأنظمة سلطة مركز دبي للسلع المتعددة

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the rules and regulations of Dubai Development Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

2307, LIWA HEIGHTS, Jumeirah Lakes Towers,

P.O. Box: 43711, Dubai, U.A.E.

Tel: +971 4 4486 424, Fax: +971 4 4486 423

E-mail : info@mandmauditing.com, Website: www.mandmauditing.com

٢٣٠٧، ليوا هايتس، أبراج بحيرات جميرا

ص.ب: ٤٣٧١١، دبي، إ.ع.م.

هاتف: +٩٧١ ٤ ٤٤٨٦٤٢٤، فاكس: +٩٧١ ٤ ٤٤٨٦٤٢٣

E-mail : info@mandmauditing.com, Website: www.mandmauditing.com

REGD OFFICE: P.O Box: 43711, Dubai, U.A.E.

M&M Al Menhali Auditing is a member firm of ngiworldwide

• 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.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Further, as required by rules and regulations of Dubai Development Authority, we report that:

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the financial statements have been prepared and comply, in all material respects, with the applicable rules and regulations of Dubai Development Authority;
- (iii) the Company has maintained proper books of account;
- (iv) the financial information included in the report of the manager is consistent with the books of account of the Company;
- (v) nothing has come to our attention which causes us to believe that the Company has contravened during the year ended March 31, 2023 any of the applicable rules and regulations of Dubai Development Authority or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as of March 31, 2023;

M&M Al Menhali Auditing

M&M Al Menhali auditing

Mr. Mabkhoot Al Menhali,
Auditor's Registration No. 262
Dubai, United Arab Emirates



May 5, 2023

BIOCON FZ- LLC

DUBAI, U.A.E

Statement of Financial Position**As at March 31, 2023***(In Arab Emirates Dirhams)*

		March 31,	
	<i>Notes</i>	2023	2022
Assets			
Non-current assets			
Right of use	7	135,051	236,341
Total non current assets		135,051	236,341
Current assets			
Trade and Other receivables	8	7,224,998	12,271,614
Inventories	9	521,922	-
Cash and cash equivalents	10	17,004,834	15,776,137
Total current assets		24,751,754	28,047,750
Total Assets		24,886,805	28,284,092
Equity and Liabilities			
Equity			
Share capital		150,000	150,000
Retained earnings/(Accumulated losses)		4,245,639	3,716,558
Total Equity		4,395,639	3,866,558
Non Current liabilities			
Lease liability non current	7	36,148	143,067
Provision for Employees' end of service benefits	11	174,699	136,641
Total non current liabilities		210,847	279,708
Current liabilities			
Lease liability current	7	109,252	102,744
Trade and other payables	12	20,171,068	24,035,082
Total current liabilities		20,280,319	24,137,826
Total Liabilities		20,491,166	24,417,534
Total Equity and Liabilities		24,886,805	28,284,092

The accompanying notes form an integral part of these financial statements.

Auditor's Report dated May 5, 2023 is set out on page 4 to 6.

The financial statements and notes on were approved by the Board on May 5, 2023 and signed on its behalf by:

Director*Director*

BIOCON FZ- LLC

DUBAI, U.A.E

Statement of Income**For the year ended March 31, 2023***(In Arab Emirates Dirhams)*

	<i>Notes</i>	For the year ended March 31,	
		2023	2022
Revenue	<i>14</i>	9,300,072	19,385,320
Cost of revenue	<i>15</i>	(8,335,384)	(18,121,120)
Gross Profit		964,688	1,264,200
 Amortization	<i>7</i>	(101,290)	(67,526)
General and administrative expenses	<i>16</i>	(1,918,776)	(2,448,240)
Total Operating Expenses		(2,020,066)	(2,515,766)
(Loss) from operating activities		(1,055,378)	(1,251,565)
 Finance charges	<i>17</i>	(2,612)	-
 Other Income	<i>18</i>	1,587,071	1,334,626
Net profit for the year		529,081	83,061

The accompanying notes form an integral part of these financial statements.

Auditor's Report dated May 5, 2023 is set out on page 4 to 6.

The financial statements and notes on were approved by the Board on May 5, 2023 and signed on its behalf by:

Director



Director

BIOCON FZ- LLC
DUBAI, U.A.E

Statement of Changes in Equity
For the year ended March 31, 2023

(In Arab Emirates Dirhams)

	Share capital	Retained earnings	Total
Balance at March 31, 2021	150,000	3,633,497	3,783,497
Net profit for the year	-	83,061	83,061
Balance at March 31, 2022	150,000	3,716,558	3,866,558
Net profit for the year	-	529,081	529,081
Balance at March 31, 2023	150,000	4,245,639	4,395,639

The accompanying notes form an integral part of these financial statements.

Auditor's Report dated May 5, 2023 is set out on page 4 to 6.

The financial statements and notes on were approved by the Board on May 5, 2023 and signed on its behalf by:



BIOCON FZ- LLC

DUBAI, U.A.E

Statement of Cash Flows**For the year ended March 31, 2023***(In Arab Emirates Dirhams)*

	For the year ended March 31,	
	2023	2022
Cash flows from/(used in) operating activities:		
Net profit for the year	529,081	83,061
Provision for employees' service end benefit	38,058	34,608
Amortization on right of use	101,290	67,526
Interest accrual	-	10,626
Decrease/(Increase) in trade and other receivables	5,046,615	(5,203,721)
Decrease/(Increase) in inventories	(521,922)	-
(Decrease)/Increase in trade and other payables	(3,864,014)	3,887,979
Net Cash flows from/(used in) operating activities	1,329,108	(1,119,920)
Cash flows from/(used in) investing activities:	-	-
Net Cash flows (used in) investing activities	-	-
Cash flows from/(used in) financing activities:		
Repayment of lease liability	(100,411)	(68,682)
Net cash flows from/(used in) financing activities	(100,411)	(68,682)
Net Increase/(Decrease) in cash and cash equivalents	1,228,697	(1,188,603)
Cash and cash equivalents, beginning of the year	15,776,137	16,964,740
Cash and cash equivalents, end of the year	17,004,834	15,776,137
Represented by:		
Bank Balances	17,004,834	15,776,137
	17,004,834	15,776,137

The accompanying notes form an integral part of these financial statements.

Auditor's Report dated May 5, 2023 is set out on page 4 to 6.

The financial statements and notes on were approved by the Board on May 5, 2023 and signed on its behalf by:



BIOCON FZ-LLC
DUBAI, U.A.E

Notes to the Financial Statements

For the year ended March 31, 2023

1. LEGAL STATUS & ACTIVITIES:

- a) **Biocon FZ-LLC** ("the Company") is registered with Dubai Development Authority (earlier known as Dubai Creative Clusters Authority) as a Free Zone Company with Limited Liability and operates under the License No. 93004 originally issued on June 16, 2015 (current issue date is August 01, 2021).
- b) The Company is licensed by Dubai Development Authority to engage in marketing & sales promotion, import and re-export and storage of pharmaceuticals including providing support service.
- c) The reporting period of Biocon FZ-LLC is April 1st, 2022, to March 31, 2023.
- d) The registered office is in Premises: DSP- HQ Complex -707 N, Dubai Science Park, Dubai, UAE.
- e) Authorised, issued and paid-up capital of the Company is AED 150,000 divided in to 150 shares of AED 1,000 each fully paid and held by the shareholder,

Name of the Shareholders	Nominal Value	No of shares	Value in AED	Nationality
Biocon Limited	1,000	150	150,000	Corporate (India)
Total	1,000	150	150,000	

2. BASIS OF PREPARATION

2.1 Basis of accounting

The financial statements of the entity are prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and comply, the requirements of the rules and regulations of Dubai Development Authority. The requirements of the standards applied have been satisfied in full, and the financial statements therefore provide a true and fair view of the company's net assets, financial position and results of operations.

The financial statements consist of Statement of financial position, statement of income, statement of changes on equity, statement of cash flows and notes comprising accounting policies and other information. In order to improve the clarity of presentation, various items in the statement of financial position and in the income statement have been combined. These items are disclosed and explained separately in the Notes.

The financial statements are prepared using accrual basis of accounting. The income statement has been classified in accordance with the nature of expense method. Cash flow has been presented under indirect method. The financial statements are prepared under the historical cost convention modified to incorporate the movements on carrying values of assets and liabilities except those assets and liabilities which are recognized at fair value as required under the relevant accounting policy.

BIOCON FZ-LLC
DUBAI, U.A.E

Notes to the Financial Statements

For the year ended March 31, 2023

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

New standards, interpretations, and amendments effective from January 01, 2022

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

The following amendments to existing standards and framework have been applied by the Company in preparation of these financial statements. The application of these amendments to IFRS has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the future transactions or arrangements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

On 23 January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: What is meant by a right to defer settlement.

- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to IAS 37 - Onerous Contracts-Cost of Fulfilling a Contract

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect

BIOCON FZ-LLC
DUBAI, U.A.E

Notes to the Financial Statements

For the year ended March 31, 2023

to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a)

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

New and amended standards issued but not effective.

At the date of these financial statements, Certain standards, amendments, and interpretations which are effective from 1st January 2023, have not been early adopted, The Company intend to adopt these new and amended standards, if applicable, when they become effective.

2.3 Authorization date

Authorization date is that on which the financial statements are authorized and approved by the management. The authorization date of Biocon FZ-LLC is May 5, 2023.

2.4 Currency

The financial statements are presented in United Arab Emirates Dirhams ("AED") which is the functional currency of the company.

3. Accounting estimates and judgements

In the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) management has made a number of judgements, estimates and assumptions in the application of certain accounting policies that affect the reported assets, liabilities, income and expenses (IAS 8). These estimates and assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that are assumed to be reasonable under the current conditions.

When an IFRS specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item is determined by applying the relevant IAS/IFRS.

In the absence of an IAS/IFRS that specifically applies to a transaction, management has used judgement in developing and applying an accounting policy that results in information that is relevant to the economic decision made by the users and reliable to the financial statements. Therefore, for each transaction, management has considered the requirement under IAS/IFRS and recognition, measurement concepts for assets, liabilities, income and expense in the conceptual framework.

The entity shall change an accounting policy only if the change is required by an IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. **A change in accounting policy will be applied retrospectively.**

BIOCON FZ-LLC
DUBAI, U.A.E

Notes to the Financial Statements

For the year ended March 31, 2023

The change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. **Changes in accounting estimates are as a result of new information or new developments and, accordingly, are not corrections of errors.**

3.1 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include in particular cash and cash equivalents, trade receivables, originated loans and receivables, and derivative financial assets held for trading. Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity. These mainly comprise trade payables, liabilities to banks, liabilities arising from bonds and finance leases, and derivative financial liabilities.

A. Financial Instruments – Recognition and measurement

Financial assets are accounted for in accordance with the provisions of IFRS 9, which distinguishes between four categories of financial instruments.

Trade receivables

Trade receivables are amounts due from customers for the sale of goods or provision of services in the ordinary course of business. A receivable is recognised at the undiscounted amount of cash receivable from that entity, which is normally the invoice price. **Refer Note: 8.**

Impairment of financial assets

IFRS 9 requires the Company to provide for expected credit losses for financial assets measured at amortized cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). However, no ECLs are provided for the year ended March 31, 2023.

Other receivables

Other receivables are considered as current assets if they mature not more than 12 months after the balance sheet date; otherwise, they are recognised as non-current asset. It is initially recognised at fair value including transaction costs and carried at amortised cost using the effective interest method.

A prepaid expense is a type of asset that arises on balance sheet as a result of the entity making payments for goods or services to be received in the near future. While prepaid expenses are initially recorded as asset, their value is expensed over time as the benefit is received.

Deposits consist of cash deposited as security for electricity, visa fee etc. **Refer Note: 8.**

BIOCON FZ-LLC
DUBAI, U.A.E

Notes to the Financial Statements

For the year ended March 31, 2023

Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

They are held to meet short-term cash commitments instead of for investment or other purposes. They are carried at their principal amount. **Refer Note: 10.**

B. Financial liabilities

IAS 39 recognises two classes of financial liabilities: Financial liabilities at fair value through profit or loss and other financial liabilities measured at amortised cost using effective interest method.

On initial recognition, financial liabilities are carried at fair value less transaction costs. The price determined on a price-efficient and liquid market or a fair value.

In subsequent periods the financial liabilities are measured at amortised cost. Any differences between the amount received and the amount repayable are recognised in income over the term of the loan using the effective interest method.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method.

An accrued expense is an accounting expense recognized in the books before it is paid for. It is a liability and is usually current. These expenses are typically periodic and documented on a company's balance sheet due to the high probability that they will be collected. **Refer Note: 12.**

C. Derecognizing financial instruments

Derecognition of financial asset

An entity shall derecognize financial asset only when the contractual right to the cash flow expires or settled or when the risk and reward is transferred in such case the entity shall derecognize the asset and recognize any rights and obligations retained.

Derecognition of financial liability

An entity shall derecognize financial liability only when it is extinguished i.e., when the obligation specified in contract is discharged, cancelled or expired. An entity shall recognize in profit or loss the difference in the carrying amount and consideration paid.

3.2 Inventories

Inventories are assets held for sale in ordinary course of business, in the process of production for sale or in the form of materials or supplies.

Inventories are measured at lower of the cost or net realisable value (NRV), after making due allowance for any obsolete or slow moving items. Cost is determined on weighted average cost basis and it consists of the aggregate of purchase price and other related expenses incurred to bring the inventories to their present location and condition. Net realisable value is based on estimated selling price less any further costs expected to incur on disposal. For those inventories sold the carrying value is expensed.

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Inventories are impaired if damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. Inventories are written down to net realizable value item by item.
Refer Note: 9.

3.3 Provision for employees' end of service benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Employees' end of service benefit

The entity provides end-of service benefits to its employees on the basis prescribed under the United Arab Emirates (UAE) labour laws.

The end of service entitlement is usually depended on the employees' final basic salary and the length of service subject to the completion of the minimum service period. The expected costs of these benefits are accrued over the period of employment and the benefits are paid to employees on termination or completion of their term of employment.

In practice, IAS 19 Employee Benefits is not applied to certain end-of-service benefits because of the costs and lack of actuarial data and resources. While this practice is not consistent with IAS 19, the treatment is accepted in practice because the effect is not material.

Provision is also made for the estimated liability for employees' unused entitlements to annual leave and flights as a result of services rendered by eligible employees up to the reporting date.

The provision relating to annual leave and air ticket is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are unlikely to have significant impacts.

Share based payments

The company provide share-based incentives to its employees. The parent company has constituted ESOP trust in order to provide shares to eligible employees accordingly, the employees of the company are eligible for share-based payments. **Refer Note: 11.**

3.4 Leases

The company has adopted IFRS 16- Lease to its long-term contract with Tecom for the office premises on which the Company conducts its operating activities.

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

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For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise.

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are amortised over the shorter period of lease term and useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

The term of the lease is 3 years.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

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As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. **Refer Note: 7.**

3.5 Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related party.

A related party comprises of companies and entities under common ownership and/or common management and control, their parents and key management personnel. Additionally, if the Company is able to directly or indirectly control or exercise significant influence over a party in making financial and operating decisions, or vice versa are considered to be related to the entity.

The Company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. **Refer Note: 13.**

IAS 24 also requires the disclosure of key management personnel.

Name of related parties	Relationship	Nature of Transaction	Amount (AED)
NeoBiocon FZ- (LLC)	Fellow Subsidiary	Purchase during the year	7,616,658
NeoBiocon FZ- (LLC)	Fellow Subsidiary	Other Expenses	27,360
NeoBiocon FZ- (LLC)	Fellow Subsidiary	Sales Promotion Expenses	500,999
NeoBiocon FZ- (LLC)	Fellow Subsidiary	Support Services	1,800,432
Biocon Limited	Parent Company	Purchases during the year	238,200
Biocon Limited	Parent Company	Support Services	245,092
Biocon Limited	Parent Company	Other Expenses	7,535
Biocon Pharma Limited	Fellow Subsidiary	Purchases during the year	93,813
Biocon Pharma Limited	Fellow Subsidiary	Other Expenses	6,551
Biocon Biologics FZ LLC	Fellow Subsidiary	Other Services	27,761

3.6 Revenue Recognition

Revenue is recognised to the extent that it is probable that any economic benefits associated with that revenue item will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment excluding discounts.

The company recognizes revenue from contracts with customers based on five step approach as set out in IFRS 15;

- **Identify contract(s) with a customer:** A contract is identified as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- **Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a goods or services to the customer.

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- **Determine the transaction price:** The transaction price is the amount of consideration the company expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- **Allocates transaction price to the performance obligation in a contract:** For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled to in exchange for satisfying each performance obligation.
- **Recognise revenue:** Recognize revenue when (or as) the company satisfies a performance obligation.

The company recognises revenue point in time as the performance obligation is transferred when the goods are delivered to the customer place.

Revenue from sales of goods is recognized when the company sells a product to the customer. The consideration is due when the customer purchases the goods and takes delivery from store. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods and services falling within the ordinary activities of the Company and are recognised at the time of check-out sales when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Discounts are recognised as a reduction of revenue as the sales are recognised.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. **Refer Note: 14.**

3.7 Cost of revenue

Costs of sale are the direct costs attributable to the production of the goods sold by the company. This amount includes the cost of the materials used in creating the good along with the direct labour costs used to produce the good and factory overheads. **Refer Note: 15.**

4. FAIR VALUE DETERMINATION AND ANALYSIS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The standard for fair value measurement applies on initial recognition and subsequent measurement when it required or permitted by other sections of IFRS for SMEs. 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.

Fair value measurement is applied under the presumption that the transaction to sell the asset or transfer a liability takes place either in the principal market for that asset or liability or the most advantageous market for that asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, the levels of fair value hierarchy are defined as follows:

Level 1: Measurement is made by using quoted prices (unadjusted) from an active market.

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Level 2: Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.

Level 3: Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

For financial assets and liabilities reported, there are no major difference between the carrying amount and fair value.

5. RISK PROFILE AND ANALYSIS

Generally, the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Manager has overall responsibility and oversight of the Company's risk management framework. The Company's risk management framework is a combination of formally documented policies in certain areas and informal approach to risk management in others.

The Company's approach to risk management is established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and its activities.

Credit risk analysis

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; it arises principally from the Company's receivables from customers, other receivables, balances with bank and amounts due from related parties.

The company monitors defaults of customers or counterparties, identified collectively and incorporates the information into its credit risk controls, where available at reasonable cost, external credit ratings and/or reports on customers and counterparties are obtained and used. The company's policy is to deal with creditworthy counterparties.

The Company has policy of providing provision for those which management think they cannot collect. The provision is also determined by reference to past default experience. The Company's cash is placed with banks of good repute.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to payables to suppliers and the repayment of bank borrowings and amounts due to related parties.

The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risks through, banking facilities and borrowing facilities, by continuously forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company currently has sufficient asset to meet expected operational expenses, including the servicing of financial obligations.

As at the reporting period, the contract maturity of financial assets and liability are as follows:

Financial Assets	Less than 180 days	More than 180 days
Trade and other receivables	7,224,998	-
Cash and cash equivalents	17,004,834	-
Total	24,229,832	-
Financial Liabilities	Less than 180 days	More than 180 days
Trade and other payables	20,171,068	-
Total	20,171,068	-

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

- **Currency risk**

Currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. Generally, the Company is exposed to currency risk mainly on purchases and sales that are denominated in a currency other than the functional currency of the Company.

Most of the transactions are denominated in the same currency as functional currency and for those foreign currency transactions, exchange rates prevailing at the date of transaction is used. Foreign exchange gains or losses resulting from any such transactions are recognized in the income statement. Hence currency risk is minimal.

6. CAPITAL MANAGEMENT POLICIES

The Company's capital management objectives are,

- To improve Shareholder's wealth
- To ensure the Company's ability to continue as a going concern

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage.

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For the year ended March 31, 2023

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Company adjusts the amount of returns to members, increase capital from the members, or sell assets to reduce debt.

	March 31, 2023	March 31, 2022
Total Liabilities	20,491,166	24,417,534
Less: Cash & Cash equivalents	(17,004,834)	(15,776,137)
Net Debt	3,486,332	8,641,398
Net Equity	4,395,639	3,866,558

BIOCON FZ- LLC

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Notes to the Financial Statements**For the year ended March 31, 2023***(In Arab Emirates Dirhams)***7 Right of use asset and lease liabilities**

	March 31, 2022	
	2023	2022
Right of use asset		
Cost:		
At beginning of the year	303,867	-
Additions during the year	-	303,867
At the end of the year	303,867	303,867
Amortisation:		
At beginning of the year	67,526	-
Depreciation for the year	101,290	67,526
At the end of the year	168,816	67,526
Net book value:		
At the end of the year	135,051	236,341
Lease liabilities		
At beginning of the year	245,811	303,867
Interest expenses	-	10,626
Payments	(100,411)	(68,682)
At the end of the year	145,400	245,811
Current	109,252	102,744
Non current	36,148	143,067

8 Trade and Other receivables

	March 31,	
	2023	2022
Trade receivables	7,172,780	10,219,988
Prepayments	44,208	22,680
Deposits	8,011	5,193
Other receivables	-	1,998,952
VAT receivable	-	24,801
	7,224,999	12,271,614

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Notes to the Financial Statements**For the year ended March 31, 2023***(In Arab Emirates Dirhams)*Ageing analysis

	March 31,	
	2023	2022
Neither due nor impaired		
Less than 180 days	6,868,863	10,219,988
More than 180 days	303,917	-
	7,172,780	10,219,988

9 Inventories

	March 31,	
	2023	2022
Inventories	521,922	-
	521,922	-

10 Cash and cash equivalents

	March 31,	
	2023	2022
Bank balances	17,004,834	15,776,137
	17,004,834	15,776,137

11 Provision for Employees' end of service benefits

	March 31,	
	2023	2022
Balance at beginning of the year	136,641	102,033
Paid during the year	-	-
Less: Reversal on provision	-	-
Add: Provision for the year	38,058	34,608
	174,699	136,641

12 Trade and other payables

	March 31,	
	2023	2022
Trade payable	19,144,750	23,056,649
Staff payables	196,053	22,039
Accruals	830,264	956,394
	20,171,067	24,035,082

BIOCON FZ- LLC**DUBAI, U.A.E****Notes to the Financial Statements****For the year ended March 31, 2023***(In Arab Emirates Dirhams)***13 Transactions with related party****Amount due from related parties- Included in Other receivables**

	March 31,	
	2023	2022
Biocon Biologics India Ltd	-	4,848
Biocon Limited	654,602	1,994,104
	654,602	1,998,952
Due within 1 year	654,602	1,998,952

Amount due to related parties- Included in Trade payables

	March 31,	
	2023	2022
NeoBiocon FZ- (L.L.C)	18,368,739	22,941,132
Biocon Limited	2 38,200	115,250
Biocon Pharma Limited	1 00,363	-
	18,368,739	23,056,381
Due within 1 year	18,368,739	23,056,381

14 Revenue

	For the year ended March 31,	
	2023	2022
Sales	9,300,072	19,385,320
	9,300,072	19,385,320

15 Cost of revenue

	For the year ended March 31,	
	2023	2022
Purchases during the year	8,335,384	18,121,120
	8,335,384	18,121,120

BIOCON FZ- LLC**DUBAI, U.A.E****Notes to the Financial Statements****For the year ended March 31, 2023***(In Arab Emirates Dirhams)***16 General and administrative expenses**

	For the year ended March 31,	
	2023	2022
Salary and other related benefits	1,191,349	1,005,225
Sales promotion expenses	361,284	1,197,691
Rates and fees	269,563	185,017
Transportation Expenses	48,391	13,831
Legal and professional charges	28,000	10,000
Communication expense	9,032	8,539
Bank charges	8,384	2,930
Office Expenses	2,633	19,504
Forex loss	140	-
Rent	-	5,503
	1,918,776	2,448,240

17 Finance charges

	For the year ended March 31,	
	2023	2022
Interest on Lease liability	2,612	-
	2,612	-

18 Other Income

	For the year ended March 31,	
	2023	2022
Service income	1,587,071	1,334,626
	1,587,071	1,334,626

The accompanying notes form an integral part of these financial statements.

Auditor's Report dated May 5, 2023 is set out on page 4 to 6.

The financial statements and notes on were approved by the Board on May 5, 2023 and signed on its behalf by:

