

BIOCON PHARMA MALTA I LIMITED

Reg. No.: C 97970

Annual report

For the year ended 31 March 2023

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Biocon Pharma Malta I Limited

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements (the "financial statements") of Biocon Pharma Malta I Limited (the "Company"):

- Give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"); and
- Have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386) (the "Act").

What we have audited

The company's financial statements, which comprise of:

- the balance sheet as at 31 March 2023;
- the income statement 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 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Biocon Pharma Malta I Limited

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and are properly prepared in accordance with the provisions of the Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the financial reporting process.

Auditors' responsibility 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 auditors' 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 judgement 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 directors.
- Conclude on the appropriateness of the directors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Biocon Pharma Malta I Limited

Auditors' responsibility for the audit of the financial statements - continued

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

We communicate with the directors 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

Matters on which we are required to report by exception by the Act

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.

The Principal authorized to sign on behalf of CSA Audit Ltd on the audit resulting in this independent auditors' report is Norbert Bugeja.

CSA Audit Ltd
Registered Auditors

16 June 2023

Balance sheet

	Note	As at 31 March	
		2023 €	2022 €
ASSETS			
Non-current assets			
Intangible asset	5	81,700	-
Property, plant and equipment	4	1,435	-
Total non-current assets		83,135	-
Current assets			
Inventory	6	193,425	-
Trade and other receivables	7	807,254	134,734
Cash and cash equivalents		213,390	99,875
Total current assets		1,214,069	234,609
Total assets		1,297,204	234,609
EQUITY AND LIABILITIES			
Share capital		1,200	1,200
Accumulated losses		(6,528)	(15,722)
Total equity		(5,328)	(14,522)
Current liabilities			
Trade and other payables	8	1,297,581	249,131
Current tax liability		4,951	-
Total current liabilities		1,302,532	249,131
Total liabilities		1,302,532	249,131
Total equity and liabilities		1,297,204	234,609

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

The financial statements on pages 5 to 14 were approved and authorised for issue by the Board of directors on 16 June 2023 and signed by:

Sd/-

Josef Debono & Anthony Vella
F/ obo Ecovis Tfc Limited
Director

Abhijit Zutshi
Director

Income statement

		Year ended 31 March	Period from 25 January to 31 March
	Note	2023 €	2022 €
Revenue		388,142	-
Cost of sales		(375,363)	-
Gross profit		12,779	-
Selling and distribution expenses		(51,554)	-
Administration expenses		(41,112)	(15,722)
Operating loss		(79,887)	(15,722)
Other income		1,007,271	123,320
Other expenses		(913,239)	(123,320)
Profit/(loss for the year/period before tax)		14,145	(15,722)
Tax charge		(4,951)	-
Profit/(loss) for the year/period after tax	10	9,194	(15,722)

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

Notes to the financial statements

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

These financial statements of Biocon Pharma Malta I Limited (the "Company") have been prepared and presented in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"). These financial statements have also been prepared in accordance with the Maltese Companies Act (Cap. 386).

The preparation of financial statements in conformity with GAPSME requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies (Note 3 - Critical accounting estimates and judgements).

These financial statements cover the period from 1 April 2022 up to 31 March 2023, whilst the comparative period cover the period from 25 January 2021 (being the date of incorporation) up to 31 March 2022.

These financial statements have been prepared under the historical cost convention. These financial statements present information about the Company as an individual undertaking.

1.2 Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional currency.

1.3 Going concern

Notwithstanding that as at 31 March 2023, the company's current liabilities exceed current assets by €490,327 (2022: €114,397) whilst accumulated losses exceed share capital by €2,884 (2022: €14,522), the financial statements have been prepared on a going concern basis as the directors considers it appropriate to assume that the company will continue in existence in the foreseeable future.

The directors note the operations of the Company are improving and has received the financial support by the group through advances by related parties amounting to €1,196,562 (20201: €100,000). Furthermore, the shareholders have indicated their intention to provide sufficient financial support to the Company for the foreseeable future.

These financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2 Summary of significant accounting policies - continued

2.1 Foreign currency translation

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at balance sheet date are translated at period end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in profit or loss.

2.2 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the future economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition, property, plant and equipment are carried under the cost model.

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

2 Summary of significant accounting policies - continued

2.2 Property, plant, and equipment - continued

Depreciation on other assets is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

	%
Computer equipment	25

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gains or losses arising on the disposal or retirement of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss within the other income or other expenses.

2.3 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

2 Summary of significant accounting policies - continued

2.3 Financial assets, financial liabilities and equity - continued

(a) Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer) they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment;

(b) Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

(c) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividends to ordinary shareholder is debited directly to equity and are recognised as liabilities in the period in which they are declared.

2.4 Impairment

The Company's property, plant and equipment and financial assets are tested for impairment.

(a) Property, plant and equipment

The carrying amounts of the Company's property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

2 Summary of significant accounting policies - continued

2.4 Impairment - continued

(a) Property, plant and equipment- continued

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

The carrying amounts of Company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss. after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(b) Financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2 Summary of significant accounting policies - continued

2.5 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Bank overdrafts, which are repayable on demand and form an integral part of the Company's cash management and are presented in current liabilities in the balance sheet.

2.6 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply to 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 by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of Section 5 of GAPSME.

4 Property, plant and equipment

	Computer equipment €
Cost	
Additions	1,435
As at 31 March 2023	<u>1,435</u>
Net book value as at 31 March 2023	<u>1,435</u>

5 Intangible assets

	€
Cost	
Additions	81,700
As at 31 March 2023	<u>81,700</u>
Net book value as at 31 March 2023	<u>81,700</u>

Intangible assets related to advances on licensing and supply agreement for a project which is not yet finalised as at year end.

6 Inventory

Inventories held consist of finished goods held for re-sale and are pharmaceutical in nature.

7 Trade and other receivables

	2023 €	2022 €
Trade receivables	2,240	-
Amounts owed by related parties	439,767	-
Other receivables	1,200	1,200
Indirect taxation	28,054	1,757
Prepayments and accrued income	335,993	131,777
	<u>807,254</u>	<u>134,734</u>

Amounts owed by related parties are unsecured, interest free and are repayable on demand except for an amount of €25,000 which bears an interest of 1.5%.

8 Trade and other payables

	2023	2022
	€	€
Trade payables	42,873	145,781
Amounts owed to related parties	1,196,563	100,000
Indirect taxation	-	1,757
Accruals	58,145	1,593
	1,297,581	249,131

Amounts owed to related parties are unsecured, interest free and are repayable on demand other than an amount of €450,000 which bears interest of 0.86%.

9 Related party disclosures

9.1 The parent company is Biocon Pharma Malta Limited which has its registered address at The Victoria Centre, Unit 2, Lower Ground Floor, Valletta Road, Mosta MST 9012, Malta.

The ultimate parent company is Biocon Limited which has its registered address at 20th KM, Hosur Road, Electronic City Bengaluru Bangalore KA 560100 IN.

9.2 Related party balances are disclosed in notes 7 and 8 to these financial statements.

9.3 The Company had the following related party transactions.

	2023	2022
	€	€
Recharges to related party	1,006,727	123,320
Interest on advances to related parties	544	-
Interest on advances from related parties	3,433	-
Director's fees	5,000	5,000
	1,015,704	128,320

10 Profit/(loss) for the year/period

Auditors' remuneration for the year amounted to €4,000 (2022: €1,000).

The company had no employees during the current or previous financial year.

11 Statutory information

Biocon Pharma Malta I Limited is registered in Malta as a limited liability company under the Maltese Companies Act (Cap. 386). The registered office is The Victoria Centre, Unit 2, Lower Ground Floor, Valletta Road, Mosta MST 9012, Malta.