

# Independent Auditor's Report

To the Members of Biocon Biosphere Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Biocon Biosphere Limited (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 then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 is 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. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company does not have any pending litigations which would impact its financial position.
- b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 to the financial statements.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 25 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 25 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

for **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

ICAI UDIN: 23060573BGYNDL9808

Place: Bangalore  
Date: 23 May 2023

## Annexure A to the Independent Auditor's Report on the Financial Statements of Biocon Biosphere Limited for the year ended 31 March 2023

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

- (i) (a) (A) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any property, plant and equipment during the year. Accordingly, the requirements under paragraph 3(i)(a)(A) and 3(i)(b) of the Order are not applicable to the Company.
  - (B) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any intangible assets during the year. Accordingly, the requirements under paragraph 3(i)(a)(B) of the Order are not applicable to the Company.
  - (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to conduct a physical verification of Property Plant and Equipment as the Company does not have Property Plant and Equipment
  - (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
  - (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
  - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
  - (ii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any inventory during the year. Accordingly, clause 3(ii)(a) of the Order is not applicable.
  - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
  - (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
  - (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
  - (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
  - (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
  - (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Duty

of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities. The Company did not have any dues of GST.

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

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable

accounting standards. The provisions of Section 177 are not applicable to the Company

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

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

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

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

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

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

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

(xvii) The Company has incurred cash losses of Rs 10,439 thousands in the current financial year and Rs 4,822 thousands in the immediately preceding financial year.

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

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

for **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

ICAI UDIN: 23060573BGYN DL9808

Place: Bangalore

Date: 23 May 2023



## **Annexure B to the Independent Auditor's Report on the financial statements of Biocon Biosphere Limited for the year ended 31 March 2023**

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

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

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Biocon Biosphere Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

### **Management's Responsibility for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating

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

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

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

for **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**

*Partner*

Membership Number: 060573

ICAI UDIN: 23060573BGYNDL9808

Place: Bangalore

Date: 23 May 2023

# Balance Sheet

as at March 31, 2023

(All amounts are in Indian Rupees thousands, except share data and per share data, unless otherwise stated)			
PARTICULARS	Note	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capital work in progress	3	57,73,464	37,07,044
Right-of-use-assets	4	12,422	14,078
Financial assets			
(i) Derivative assets		4,19,089	1,67,284
(ii) Other financial assets	3 (a)	100	-
Income-tax assets (net)		3,987	2,318
Other non-current assets	5 (a)	37,228	13,571
<b>Total non-current assets</b>		<b>62,46,290</b>	<b>39,04,295</b>
<b>Current assets</b>			
Financial assets			
(i) Cash and cash equivalents	6	9,820	1,87,974
(ii) Bank balances other than (i) above	6	1,00,000	-
(iii) Other financial assets	3 (b)	36	-
Other current assets	5 (b)	24,487	-
<b>Total current assets</b>		<b>1,34,343</b>	<b>1,87,974</b>
<b>TOTAL ASSETS</b>		<b>63,80,633</b>	<b>40,92,269</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	7 (a)	500	500
Other equity	7 (b)	2,94,680	1,16,767
<b>Total equity</b>		<b>2,95,180</b>	<b>1,17,267</b>
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	8 (a)	41,09,143	25,81,314
(ii) Lease liabilities	13	15,837	17,480
(iii) Derivative liabilities		-	267
Provisions	12(a)	790	74
Deferred tax liabilities (net)	16(e)	1,05,476	42,021
<b>Total non-current liabilities</b>		<b>42,31,246</b>	<b>26,41,156</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	8(b)	11,53,201	8,28,123
(ii) Lease liabilities	13	3,300	1,650
(iii) Trade payables			
Total outstanding dues of micro and small enterprises	9	1,204	-
Total outstanding dues of creditors other than micro and small enterprises		1,600	495
(iv) Other financial liabilities	10	6,82,057	4,98,529
Income-tax liability (net)	16	3,224	1,541
Provisions	12(b)	2,914	137
Other current liabilities	11	6,705	3,371
<b>Total current liabilities</b>		<b>18,54,205</b>	<b>13,33,846</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>63,80,633</b>	<b>40,92,269</b>

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

As per our Report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**

Partner

Membership No.: 060573

For and on behalf of the Board of Directors of Biocon Biosphere Limited

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

**Siddharth Mittal**

Director

**Mukesh Kamath**

Chief Financial Officer

**Ekta Agarwal**

Company Secretary

Bengaluru  
May 23, 2023

Bengaluru  
May 23, 2023



# Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts are in Indian Rupees thousands, except share data and per share data, unless otherwise stated)			
PARTICULARS	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>Income</b>			
Other income	14	-	731
<b>Total income</b>		<b>-</b>	<b>731</b>
<b>Expenses</b>			
Other expenses	15	9,020	3,281
<b>Total expenses</b>		<b>9,020</b>	<b>3,281</b>
<b>Profit/ (Loss) before tax for the year</b>		<b>(9,020)</b>	<b>(2,550)</b>
<b>Tax expense</b>			
Current tax	16(a)	1,684	1,541
<b>Profit / (Loss) after tax for the year</b>		<b>(10,704)</b>	<b>(4,091)</b>
<b>Other comprehensive income/(expense)</b>			
<b>(i) Items that will be reclassified subsequently to profit or loss</b>			
Effective portion of gains on hedging instrument in cash flow hedges		2,52,072	1,67,017
Income tax effect		(63,455)	(42,021)
<b>Other comprehensive income for the year, net of taxes</b>		<b>1,88,617</b>	<b>1,24,996</b>
<b>Total comprehensive income for the year</b>		<b>1,77,913</b>	<b>1,20,905</b>
<b>Earnings / (Loss) per equity share</b>	23		
Basic (in ₹)		(214.08)	(81.82)
Diluted (in ₹)		(214.08)	(81.82)
Basic		50,000	50,000
Diluted		50,000	50,000

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

As per our Report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**  
Partner  
Membership No.: 060573

Bengaluru  
May 23, 2023

For and on behalf of the Board of Directors of Biocon Biosphere Limited

**Kiran Mazumdar-Shaw**  
Executive Chairperson  
DIN: 00347229

**Mukesh Kamath**  
Chief Financial Officer

Bengaluru  
May 23, 2023

**Siddharth Mittal**  
Director

**Ekta Agarwal**  
Company Secretary

# Statement of Changes In Equity for the year ended March 31, 2023

(All amounts are in Indian Rupees thousands, except share data and per share data, unless otherwise stated)

A. Equity share capital	March 31, 2023	March 31, 2022
Opening balance	500	500
Changes in equity share capital during the year	-	-
<b>Closing balance</b>	<b>500</b>	<b>500</b>

B. Other equity	Reserves and surplus		Items of other comprehensive income	Total other equity
	Retained earnings	Cash flow hedging reserves	Cash flow hedging reserves	Total other equity
Particulars				
<b>Balance as on April 01, 2021</b>	<b>(4,138)</b>	-	-	<b>(4,138)</b>
Loss for the year	(4,091)	-	-	(4,091)
Other comprehensive income, net of tax	-	1,24,996	1,24,996	1,24,996
<b>Balance as at March 31, 2022</b>	<b>(8,229)</b>	<b>1,24,996</b>	<b>1,24,996</b>	<b>1,16,767</b>
Loss for the year	(10,704)	-	-	(10,704)
Other comprehensive income, net of tax	-	1,88,617	1,88,617	1,88,617
<b>Balance as at March 31, 2023</b>	<b>(18,933)</b>	<b>3,13,613</b>	<b>3,13,613</b>	<b>2,94,680</b>

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

As per our Report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**

Partner

Membership No.: 060573

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Director

**Ekta Agarwal**

Company Secretary

# Statement of Cash Flows

for the year ended March 31, 2023

(All amounts are in Indian Rupees thousands, except share data and per share data, unless otherwise stated)		
PARTICULARS	Year ended March 31, 2023	Year ended March 31, 2022
<b>I Cash flows from operating activities</b>		
Profit / (Loss) for the year	(10,704)	(4,091)
Adjustments to reconcile profit / (loss) for the year to net cash flows		
Unrealised foreign exchange (gain) / loss	265	(731)
Interest income	-	-
Tax expense	1,684	1,541
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(8,755)</b>	<b>(3,281)</b>
<b>Movements in operating assets and liabilities</b>		
Decrease/(increase) in other assets	(24,587)	45
(Decrease)/increase in trade payable, other liabilities and provisions	9,136	3,183
<b>Cash generated from operations</b>	<b>(24,206)</b>	<b>(53)</b>
Income taxes paid (net of refunds)	(1,669)	(3,716)
<b>Net cash flow generated from operating activities</b>	<b>(25,875)</b>	<b>(3,769)</b>
<b>II Cash flows from investing activities</b>		
Purchase of Property, plant and equipment	(18,03,808)	(25,40,408)
Investment in bank deposits and inter corporate deposits	(19,31,200)	(10,80,000)
Redemption/maturity of bank deposits and inter corporate deposits	18,31,200	10,80,000
Interest received	7,639	6,122
<b>Net cash flow used in investing activities</b>	<b>(18,96,169)</b>	<b>(25,34,286)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from long-term borrowings	15,27,564	20,56,966
Proceeds from short term borrowings	3,25,078	1,90,000
Interest paid	(1,06,847)	(45,443)
Lease payment	(1,906)	-
Proceeds from issuance of preference shares	-	5,17,302
<b>Net cash flow generated from financing activities</b>	<b>17,43,889</b>	<b>27,18,825</b>
<b>IV Net increase in cash and cash equivalents (I + II + III)</b>	<b>(1,78,155)</b>	<b>1,80,770</b>
<b>V Cash and cash equivalents at the beginning of the year</b>	<b>1,87,974</b>	<b>7,204</b>
<b>VI Cash and cash equivalents at the end of the year (IV+V)</b>	<b>9,820</b>	<b>1,87,974</b>
<b>Reconciliation of cash and cash equivalents as per Statement of cash flow</b>		
<b>Cash and cash equivalents ( Note 6 )</b>		
Balances with banks - on current accounts	9,820	1,87,974
<b>Balance as per statement of cash flows</b>	<b>9,820</b>	<b>1,87,974</b>

# Statement of Cash Flows for the year ended March 31, 2023

## Reconciliation between opening and closing balance sheet for liabilities arising from financing activities as March 31, 2023

	Opening balance April 01, 2022	Cash flows	Non-cash movement	Closing balance March 31, 2023
Borrowings (including current maturities)	34,09,437	18,52,642	265	52,62,344
Interest accrued	2,642	(1,06,847)	1,05,363	1,158
<b>Total liabilities from financing activities</b>	<b>34,12,079</b>	<b>17,45,795</b>	<b>1,05,628</b>	<b>52,63,502</b>

## Reconciliation between opening and closing balance sheet for liabilities arising from financing activities as March 31, 2022

	Opening balance April 01, 2021	Cash flows	Non-cash movement	Closing balance March 31, 2022
Borrowings (including current maturities)	5,80,530	27,64,268	64,639	34,09,437
Interest accrued	420	(45,443)	47,665	2,642
<b>Total liabilities from financing activities</b>	<b>5,80,950</b>	<b>27,18,825</b>	<b>1,12,304</b>	<b>34,12,079</b>

- (a) Statement of Cash Flows has been prepared under the indirect method as set out in the 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 **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**  
Partner  
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Bengaluru  
May 23, 2023

For and on behalf of the Board of Directors of Biocon Biosphere Limited

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Executive Chairperson  
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**Mukesh Kamath**  
Chief Financial Officer

Bengaluru  
May 23, 2023

**Siddharth Mittal**  
Director

**Ekta Agarwal**  
Company Secretary

# Notes to the Financial Statements

for the year ended March 31, 2023

## 1. Company overview

### 1.1 Reporting entity

Biocon Biosphere Limited ("BBL" or "the Company"), subsidiary of Biocon Limited was incorporated on December 24, 2019 under the Companies Act, 2013. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company is in process of setting up its manufacturing facility for Active Pharmaceutical Ingredients (API). As of March 31, 2023, the Company has not commenced its business operations.

### 1.2 Basis of preparation of financial statements

#### a) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company has accumulated losses of INR 18,933 thousand (March 31, 2022: INR 8,229 thousand) and net current liability position of INR 16,85,960 thousand (March 31, 2022: INR 11,45,872 thousand) as at March 31, 2023. Notwithstanding past losses and erosion of its net worth, the management of the Company believes that the Company will be able to continue to operate as a going concern for the foreseeable future and meet all its liabilities as they fall due for payment based on its future cash flow projections and continued financial support from Biocon Limited, "the Holding Company". Accordingly, these financial statements have been prepared on a going concern assumption. These financial statements were authorized for issuance by the Company's Board of Directors on May 23, 2023.

Details of the Company's accounting policies are included in Note 2.

#### b) Functional and presentation currency

These financial statements are presented in Indian rupees (INR), which is also the functional

currency of the Company. All amounts have been rounded-off to the nearest thousand, unless otherwise indicated.

#### c) Basis of measurement

These financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value

#### d) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) — Provision for income taxes
- Note 2(a) and 18 — Financial Instruments

### 1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March

31, 2023 is included in the following notes:

- Note 20 – recognition and measurement of contingencies and commitments: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 2(d) and Note 18 – Impairment of Financial and Non-Financial Assets

#### 1.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the

fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 2(a) and 18 – financial instruments.

2 Significant accounting policies

a. Financial instruments

##### i. Recognition and initial measurement

Trade receivables and debt securities issued 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 instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:



- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets:** Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
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Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

**Financial liabilities:** Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

### iii. Derecognition

#### Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction

in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial 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 the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

#### **iv. 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 realize the asset and settle the liability simultaneously.

#### **v. 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.

#### **b. Property Plant and Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price including import duty and non-refundable taxes or levies, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

#### **c. Income taxes**

Income tax comprises current and deferred 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.

Current 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 income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilized. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### d. Impairment

##### a. 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 following:

- financial assets measured at amortised cost; and
- Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

##### b. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset’s recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

The recoverable amount of a CGU (or an individual asset) is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flow, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to CGU (or the asset).

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**e. Provisions (other than for employee benefits)**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined

by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

**Onerous contracts**

A contract is considered to be 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 present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

**f. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

**g. Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options

and warrants, except where the results would be anti-dilutive.

#### **h. Operating cycle**

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.

#### **i. Recent accounting developments**

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 March 23, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2023, as below:

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

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### 3. Capital work in progress ageing schedule

(All amounts are in Indian Rupees thousands, except share data and per share data, unless otherwise stated)

#### As at March 31, 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	20,66,420	30,00,565	7,06,479	-	57,73,464
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>20,66,420</b>	<b>30,00,565</b>	<b>7,06,479</b>	<b>-</b>	<b>57,73,464</b>

#### As at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	30,00,565	7,06,479	-	-	37,07,044
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>30,00,565</b>	<b>7,06,479</b>	<b>-</b>	<b>-</b>	<b>37,07,044</b>

- (i) There are no capital work-in-process whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2023 and March 31, 2022.
- (ii) Capital work-in-progress as at March 31, 2023 mainly comprises new biopharmaceutical units being constructed in India.

### 4. Right-of-Use-assets

**Land**

Particulars	
<b>Gross carrying amount</b>	
At April 01, 2021	-
Additions	16,562
<b>At March 31, 2022</b>	<b>16,562</b>
Additions	-
<b>At March 31, 2023</b>	<b>16,562</b>
<b>Accumulated depreciation</b>	
At April 01, 2021	-
Depreciation for the year (capitalised in capital work in progress)	2,484
<b>At March 31, 2022</b>	<b>2,484</b>
Depreciation for the year (capitalised in capital work in progress)	1,656
<b>At March 31, 2023</b>	<b>4,140</b>
<b>Net carrying amount</b>	
At March 31, 2022	14,078
At March 31, 2023	<b>12,422</b>



## 5. Other financial assets

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
Capital advances	100	-
	<b>100</b>	-
<b>(b) Current</b>		
Advance to suppliers	36	-
	<b>36</b>	-
<b>5. Other assets</b>		
<b>(Unsecured considered good, unless otherwise stated)</b>		
<b>(a) Non-current</b>		
Capital advances	37,228	13,571
	<b>37,228</b>	<b>13,571</b>
<b>(b) Current</b>		
Advance to suppliers	156	-
Other receivables	20,201	-
Prepayments	4,130	-
	<b>24,487</b>	-
<b>6. Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	9,820	1,87,974
<b>Total Cash and cash equivalents</b>	<b>9,820</b>	<b>1,87,974</b>
<b>Other bank balances</b>		
Deposits with maturity of less than 12 months	1,00,000	-
<b>Total other bank balances</b>	<b>1,00,000</b>	-
<b>Total cash and cash equivalents</b>	<b>1,09,820</b>	<b>1,87,974</b>
<b>7 (a). Equity share capital</b>		
<b>Authorised</b>		
1,000,000 (March 31, 2022 - 1,000,000) equity shares of Rs. 10 each (March 31, 2022 - Rs. 10 each)	10,000	10,000
149,000,000 (March 31, 2022 -74,000,000) preference shares of Rs. 10 each (March 31, 2022 - Rs. 10 each)	<b>14,90,000</b>	<b>7,40,000</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
50,000 (March 31, 2022: 50,000) equity shares of Rs. 10 each	500	500
115,320,070 (March 31, 2022: 63,812,290) Optionally Convertible Redeemable Non cumulative Preference Shares ("OCRPS") of Rs. 10 each	11,53,201	6,38,123
	<b>11,53,701</b>	<b>6,38,623</b>
Less : Optionally Convertible Redeemable Preference share capital classified as a financial liability [refer note 8]	(11,53,201)	(6,38,123)
<b>Equity share capital</b>	<b>500</b>	<b>500</b>

### (i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

a) Equity shares	March 31, 2023		March 31, 2022	
	No.	₹ Thousands	No.	₹ Thousands
At the beginning of the year	50,000	500	50,000	500
Equity Share Capital issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>50,000</b>	<b>500</b>	<b>50,000</b>	<b>500</b>

(b) Preference shares	March 31, 2023		March 31, 2022	
	No.	₹ Thousands	No.	₹ Thousands
At the beginning of the year	6,38,12,290	6,38,123	1,20,82,125	1,20,821
Issued during the year	5,15,07,780	5,15,078	5,17,30,165	5,17,302
Outstanding at the end of the year	<b>11,53,20,070</b>	<b>11,53,201</b>	<b>6,38,12,290</b>	<b>6,38,123</b>

## (ii) Terms/ rights attached to shares

### (a) Equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

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

During the five years ended March 31, 2023, the Company has not allotted any bonus shares or issued shares for consideration other than cash. No shares have been bought back by the Company.

### (b) Optionally Convertible Redeemable Non cumulative Preference Shares

- (i) The tenure of the OCRPS shall be 10 years.
  - (ii) The Company shall have the option to redeem the OCRPS at any time during the tenure of the OCRPS at its face value. The OCRPS shall become redeemable at its face value at the end of the tenure.
  - (iii) The OCRPS holder shall have the option to convert the OCRPS into equity shares of the Company at any time during the tenure of the OCRPS at a ratio based on fair value or face value of the equity shares as on the date of exercise of the option whichever is higher.
  - (iv) The holder of the OCRPS shall be entitled to preferential dividend of 3% per annum on the face value of the OCRPS as may be mutually decided between the Company and the OCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.
  - (v) Until redemption of the OCRPS, the OCRPS holder shall have priority of payment of dividend over the equity shareholders.
- (c) The aforesaid preference shares are convertible (variable number of equity shares) any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been classified as financial liability and disclosed at its fair value which is equivalent to the face value. Also refer note 8.

### (iii) Details of shareholders holding more than 5% shares in the Company \*

	March 31, 2023		March 31, 2022	
	No.	% holding	No.	% holding
<b>Equity shares of Rs. 10 each fully paid</b>				
Biocon Limited, the holding company (including shares held through nominees)	50,000	100%	50,000	100%
<b>OCRPS of Rs. 10 each fully paid</b>				
Biocon Limited, the holding company	11,53,20,070	100%	6,38,12,290	100%

\* Also represents shares held by promoters

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

- (iv) During the five years ended March 31, 2023, the Company has not allotted any bonus shares or issued shares for consideration other than cash. No shares have been bought back by the Company.

## 7 (b). Other equity

### Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders.

### Cash flow hedging reserves

The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of taxes, if any) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

## 8. Borrowings

	March 31, 2023	March 31, 2022
<b>(a). Long- term borrowings</b>		
Loans from banks (Secured)		
Term loan [Refer Note (i) ]	41,09,143	25,81,314
Other loans and advances (Unsecured)		
Optionally convertible redeemable non cumulative preference shares [refer note 7 (a) (ii)(b)]	11,53,201	6,38,123
	52,62,344	32,19,437
Less: Amount disclosed under the head "Short term borrowings" [refer note 8 (b)]	(11,53,201)	(6,38,123)
	41,09,143	25,81,314
<b>(b). Short term borrowings</b>		
Current maturities of long-term borrowings [refer note 8 (a)]	11,53,201	6,38,123
Loan from holding company (unsecured) [refer note 17 and (ii) below]	-	1,90,000
	11,53,201	8,28,123
<b>The above amount includes</b>		
Secured borrowings	41,09,143	25,81,314
Unsecured borrowings	11,53,201	8,28,123
<b>Net amount</b>	<b>52,62,344</b>	<b>34,09,437</b>

- (i) The Company has drawn ECB of USD 34 million till previous year and USD 16 million during the current year, carrying interest @ Libor + 1.75% per annum. The loan is repayable in 3 yearly instalments commencing from June 15, 2025. The loan is secured by exclusive charge on the property, plant and equipments created out of the term loan facility. The Company has entered into interest rate swap converting the floating rate to fixed rate of interest
- (ii) During the year ended March 31, 2023, the Company has obtained loan from holding company. The loan is repayable on demand and carries an interest rate of 7.2% (MCLR rate as applicable). Carrying value of the loan as at March 31, 2023 amounts to Rs. NIL (March 31, 2022: Rs. 190,000).

## 9. Trade payables

	March 31, 2023	March 31, 2022
Trade payables		
Total outstanding dues of micro and small enterprises	1,204	-
Total outstanding dues of creditors other than micro and small enterprises	1,600	495
	2,804	495

### Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers which has been relied on by the auditors. As at March 31, 2023, there are no parties registered under the said Act.

## Trade payables Ageing Schedule

	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	917	287	-	-	-	1,204
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	170	1,383	16	31	-	1,600
<b>As at March 31, 2023</b>	<b>-</b>	<b>1,087</b>	<b>1,670</b>	<b>16</b>	<b>31</b>	<b>-</b>	<b>2,804</b>

Trade Payables as at March 31, 2022 are unbilled.

(a) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 15.

\*Includes dues to related parties [refer note 13]

## 10. Other financial liabilities

	March 31, 2023	March 31, 2022
<b>Current</b>		
Payables for capital goods	6,80,899	4,95,887
Interest accrued but not due	1,158	2,642
	<b>6,82,057</b>	<b>4,98,529</b>

## 11. Other liabilities

### Current

Statutory dues	6,705	3,371
	<b>6,705</b>	<b>3,371</b>

## 12. Provisions

### (a) Non-current

Provision for employee benefits		
Gratuity [refer note 21]	790	74
	<b>790</b>	<b>74</b>

### (b) Current

Provision for employee benefits		
Gratuity [refer note 21]	16	11
Compensated absences	2,898	126
	<b>2,914</b>	<b>137</b>

## Movement in provisions

	Gratuity	Compensated absences
Opening balance as at April 01, 2022	85	126
Provision recognised during the year, (net)	721	2,772
Closing balance as at March 31, 2023	<b>806</b>	<b>2,898</b>

### 13. Lease

The Company has entered into lease agreement for use of land which expires in year 2031.

The following is the movement in lease liabilities during the year ended :

Particulars	Land	
	March 31, 2023	March 31, 2022
Balance as the beginning	19,130	-
Addition during the year	-	16,562
Finance cost (capitalised during the year)	1,913	2,568
Disposals	-	-
Payment of lease liabilities	(1,905)	-
<b>Balance as at</b>	<b>19,138</b>	<b>19,130</b>

The following is the breakup of current and non current lease liabilities:

	March 31, 2023	March 31, 2022
Current lease liabilities	3,300	1,650
Non current lease liabilities	15,838	17,480
	<b>19,138</b>	<b>19,130</b>

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

Less than one year	3,300	1,650
More than one less than five year	14,900	14,207
More than five year	10,781	14,774
<b>Total</b>	<b>28,981</b>	<b>30,631</b>

**The following are the amounts recognised in the statement of Profit or Loss \* :**

Depreciation expenses on right of use-assets	1,656	2,484
Interest expenses on lease liabilities	1,913	2,568
<b>Total amount recognised in Profit or loss *</b>	<b>3,569</b>	<b>5,052</b>

\* During the year ended March 31, 2023 and March 31, 2022 depreciation and finance cost is capitalised in capital work in progress

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#### 14. Other Income

	Year ended March 31, 2023	Year ended March 31, 2022
Foreign exchange gain, net	-	731
	-	<b>731</b>

#### 15. Other expenses

Rates, taxes and fees	6,884	2,147
Professional charges	1,310	490
Payments to auditors	525	500
Printing and stationery	-	50
Foreign exchange loss, net	265	-
Miscellaneous expenses	36	94
	<b>9,020</b>	<b>3,281</b>
<b>(a) Payments to auditors:</b>		
As auditor:		
Statutory audit fee	525	500

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**16. Tax expense**

	Year ended March 31, 2023	Year ended March 31, 20222
<b>(a) Amount recognised in statement of profit and loss</b>		
Current tax	1,684	1,541
<b>Tax expense for the year</b>	<b>1,684</b>	<b>1,541</b>
<b>(b) Income tax recognised in other comprehensive income</b>		
Tax impact of effective portion of gains on hedging instrument in cash flow hedges	63,455	42,021
	<b>63,455</b>	<b>42,021</b>
<b>(c) Reconciliation of effective tax rate</b>		
(Loss) / Profit before tax	(9,020)	(2,550)
Tax at statutory income tax rate 25.17% (March 31, 2022 - 25.17%)	(2,270)	(642)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Exempt income and other deductions	-	-
Non-deductible expense	-	-
Tax Losses for which no deferred income tax was recognised	2,270	642
Income tax expense on income, which is capitalised (adjusted with capital work in progress) in accordance with accounting standards	1,684	1,541
<b>Income tax expense</b>	<b>1,684</b>	<b>1,541</b>

**(d) Recognized deferred tax liability (net)**

The following is the movement of deferred tax liability presented in the balance sheet:

For the year ended March 31, 2023	Opening Balance	Recognized in OCI	Closing Balance
<b>Deferred tax liability</b>			
Derivative asset	42,021	63,455	1,05,476
<b>Deferred tax liability</b>	<b>42,021</b>	<b>63,455</b>	<b>1,05,476</b>

For the year ended March 31, 2022	Opening Balance	Recognized in OCI	Closing Balance
<b>Deferred tax liability</b>			
Derivative asset	-	42,021	42,021
<b>Deferred tax liability</b>	<b>-</b>	<b>42,021</b>	<b>42,021</b>

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## 17. Related Party Disclosures:

(a) The following table provides the value of transactions that have been entered into with related parties for the during the financial year:

Sl No	Name of related party	Relationship	Description	For the year ended March 31, 2023 Expenses / (Income) / Other Transaction	March 31, 2023 Payables/ (Receivables)	For the year ended March 31, 2022 Expenses / (Income) / Other Transaction	March 31, 2022 Payables/ (Receivables)
1	Biocon Limited	Holding Company	Issue of equity/Preference Shares	6,35,899		5,17,302	-
			Capex purchases/Sale	6,747		25,474	-
			Interest expenses	5,644		5,439	-
			Cross charges towards other expenses	3,75,629		-	-
			Other receivable		(16,467)		
			Other Payables		4,23,923	-	27,593
			Loan received			1,90,000	1,90,000
			Guarantee received	15,27,829	41,09,143	21,21,605	25,81,314

### (b) Fellow subsidiaries/subsidiaries companies with whom the Company did not have any transactions:

- |   |  |
|---|--|
| (i) Biocon Academy, a subsidiary of Biocon Limited  | (xi) Biocon Biologics Healthcare Malaysia Sdn Bhd, a step down subsidiary of Biocon Biologics UK Limited |
| (ii) Biocon SA, a subsidiary of Biocon Limited  | (xii) Syngene USA Inc., a step down subsidiary of Syngene International Limited                          |
| (iii) Biocon FZ LLC, a subsidiary of Biocon Limited   | (xiii) Biocon Biologics Inc, USA a step down subsidiary of Biocon Biologics UK Limited                   |
| (iv) Bicara Therapeutics Inc, USA, a associate of Biocon Limited (subsidiary upto January 09, 2021) | (xiv) Biocon Pharma Malta I Limited, a step down subsidiary of Biocon Pharma Malta Limited               |
| (v) Biocon Pharma Limited, a subsidiary of Biocon Limited   | (xv) Biofusion Therapeutics Limited, a subsidiary of Biocon Limited                                      |
| (vi) Biocon Biologics UK Limited , a step down subsidiary of Biocon Biologics Limited               | (xvi) Biocon Biologics FZ LLC, a step down subsidiary of Biocon Biologics UK Limited                     |
| (vii) Biocon SDN BHD, a step down subsidiary of Biocon Biologics UK Limited                         | (xvii) Biocon Biologics Do Brasil Ltda, a step down subsidiary of Biocon Biologics UK Limited            |
| (viii) Syngene International Limited, a subsidiary of Biocon Limited                                | (xviii) Biocon Pharma Inc, a step down subsidiary of Biocon Pharma Limited                               |
| (ix) Biocon Pharma Malta Limited, a step down subsidiary of Biocon Pharma Limited                   | (xix) Biocon Pharma UK Limited, a step down subsidiary of Biocon Pharma Limited                          |
| (x) Biocon Pharma Ireland Limited, a step down subsidiary of Biocon Pharma Limited                  | (xx) Biocon Biologics Limited, a subsidiary of Biocon Limited  |

(c) All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.

(d) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

## 18. Financial instruments: Fair value and risk managements

### A. Accounting classification and fair values

March 31, 2023	Carrying amount				Fair value			
	FVTPL #	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3 #	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	9,820	9,820	-	-	-	-
Other bank balances	-	-	1,00,000	1,00,000	-	-	-	-
Other financial assets	-	4,19,089	136	4,19,225	-	4,19,089	-	4,19,089
	-	4,19,089	1,09,956	5,29,045	-	4,19,089	-	4,19,089
<b>Financial liabilities</b>								
Lease liabilities	-	-	19,137	19,137	-	-	-	-
Borrowings	11,53,201	-	41,09,143	52,62,344	-	-	11,53,201	11,53,201
Trade payables	-	-	1,600	1,600	-	-	-	-
Other financial liabilities	-	-	6,82,057	6,82,057	-	-	-	-
	11,53,201	-	48,11,937	59,65,138	-	-	11,53,201	11,53,201

March 31, 2022	FVTPL#	FVTOCI	Amotised Cost	Total	Level1	Level2	Level3#	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	1,87,974	1,87,974	-	-	-	-
Other financial assets	-	1,67,284	-	1,67,284	-	1,67,284	-	1,67,284
	-	1,67,284	1,87,974	3,55,258	-	1,67,284	-	1,67,284
<b>Financial liabilities</b>								
Lease liabilities	-	-	19,130	19,130	-	-	-	-
Borrowings	6,38,123	-	27,71,314	34,09,437	-	-	6,38,123	6,38,123
Trade payables	-	-	495	495	-	-	-	-
Other financial liabilities	-	267	4,98,529	4,98,796	-	267	-	267
	6,38,123	267	32,89,468	39,27,858	-	267	6,38,123	6,38,390

- (a) The fair value of trade payables and other financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature.

# These preference shares are convertible (variable number of equity shares), any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been disclosed at its fair value which is equivalent to the face value.

### B. Measurement of fair values

Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

#### Sensitivity analysis

For the fair values of interest rate swaps, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects in other comprehensive income (OCI).

Significant observable inputs	March 31, 2023		March 31, 2022	
	Increase	Decrease	Increase	Decrease
Interest rates (100 bps movement)	1,22,072	(1,22,072)	94,588	(94,588)

## C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Liquidity risk

- Market risk

### (i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Based on the support of the Holding Company to provide funding as and when required till the company starts commercial production, the Company believes that it will be able to meet its working capital requirements. Accordingly, no liquidity risk is perceived.

The following are the contractual maturities of financial liabilities and excluding interest payments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay:

#### March 31, 2023

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	11,53,201	-	41,09,143	-	52,62,344
Trade payables	1,600	-	-	-	1,600
Other current financial liabilities	6,82,057	-	-	-	6,82,057
Lease Liabilities	3,300	3,465	11,435	10,781	28,981
<b>Total</b>	<b>18,40,158</b>	<b>3,465</b>	<b>41,20,578</b>	<b>10,781</b>	<b>59,74,982</b>

#### March 31, 2022

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	8,28,123	-	15,48,788	10,32,526	34,09,437
Trade payables	495	-	-	-	495
Other financial liabilities	4,98,529	267	-	-	4,98,796
Lease Liabilities	1,650	3,300	10,907	14,774	30,631
<b>Total</b>	<b>13,28,797</b>	<b>3,567</b>	<b>15,59,695</b>	<b>10,47,300</b>	<b>39,39,359</b>

### (iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

#### Foreign currency risk

The Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

The currency profile of financial assets and financial liabilities as at March 31, 2023 and March 31, 2022 are as below:

March 31, 2023	USD	EUR	Others	Total
<b>Financial Assets</b>				
Derivative assets	4,19,089	-	-	4,19,089
<b>Financial liabilities</b>				
Borrowings	(41,09,143)	-	-	(41,09,143)
Derivative Liabilities	-	-	-	-
Payable for capital goods	-	(90)	-	(90)
<b>Net assets / (liabilities)</b>	<b>(36,90,054)</b>	<b>(90)</b>	<b>-</b>	<b>(36,90,144)</b>
March 31, 2022	USD	EUR	Others	Total
<b>Financial Assets</b>				
Derivative assets	1,67,284	-	-	1,67,284
<b>Financial liabilities</b>				
Borrowings	(25,81,314)	-	-	(25,81,314)
Derivative Liabilities	(267)	-	-	(267)
Payable for capital goods	(1,281)	(2,745)	-	(4,026)
<b>Net assets / (liabilities)</b>	<b>(24,15,578)</b>	<b>(2,745)</b>	<b>-</b>	<b>(24,18,323)</b>

#### Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward/option contracts designated as cash flow hedges.

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(36,901)	(24,156)	(36,901)	(24,156)
INR/USD - Decrease by 1%	36,901	24,156	36,901	24,156
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	(1)	(27)	(1)	(27)
INR/EUR - Decrease by 1%	1	27	1	27

#### Derivative financial instruments

The following table gives details in respect of outstanding interest rate swaps contracts:

Particulars	(USD in Thousands)	
	March 31, 2023	March 31, 2022
Interest rate swaps used for hedging LIBOR component in external commercial borrowings with periodical maturity dates between 0-6 Years	50,000	20,000

#### Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2023 the Company's borrowings at variable rate were mainly denominated in USD.

##### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2023	March 31, 2022
Fixed rate borrowings	41,09,143	27,71,314
<b>Total borrowings</b>	<b>41,09,143</b>	<b>27,71,314</b>

##### (b) Sensitivity

The Company policy is to address interest rate risk exposure using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107

## 19. Capital management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company has issued Optionally Convertible Redeemable Non cumulative Preference Shares ("OCRPS") to the Holding Company which are classified as financial liabilities in these financial statements. However, the Company has considered OCRPS as part of capital for below disclosure.

Furthermore, the company is in the early stage of building its production capabilities and is yet to commence the commercial production. Based on the support of the Holding Company to provide funding as and when required till the company starts commercial production, the company continues to manage its capital structure.

The capital structure as of March 31, 2023 and March 31, 2022 was as follows:

Particulars	March 31, 2023	March 31, 2022
Total equity	2,95,180	1,17,267
Preference share capital (OCRPS)	11,53,201	6,38,123
<b>Total capital attributable to the shareholders of the Company (including OCRPS)</b>	<b>14,48,381</b>	<b>7,55,390</b>
<b>As a percentage of total capital</b>	<b>26%</b>	<b>21%</b>
Borrowings	41,09,143	27,71,314
<b>Total borrowings</b>	<b>41,09,143</b>	<b>27,71,314</b>
<b>As a percentage of total capital</b>	<b>74%</b>	<b>79%</b>
<b>Total capital (Equity capital, preference capital and borrowings)</b>	<b>55,57,524</b>	<b>35,26,704</b>

## 20. Contingent liabilities and commitments

### (i) Capital commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2023, net of advances, is Rs. 251,099 (March 31, 2022:- Rs. 1,010,744).

### (ii) Contingent liabilities:

The Company has no contingent liability as at March 31, 2023

## 21. Employee benefit plans

- (i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is unfunded.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on April 01, 2022</b>	85	-	85
Current service cost	91	-	
Ineterest expenses	5		
Re-measurement			
Financial assumptions	625		85
<b>Amount recognised in Statement of profit and loss (capitalised in capital work in progress)</b>	<b>96</b>	<b>-</b>	<b>85</b>
<b>Balance as at March 31, 2023</b>	<b>806</b>	<b>-</b>	<b>85</b>

	March 31, 2023	March 31, 2022
Non-current	790	74
Current	16	11
	<b>806</b>	<b>85</b>

- (ii) **The assumptions used for gratuity valuation are as below:**

	March 31, 2023	March 31, 2022
Interest rate	5.7%	5.7%
Discount rate	5.7%	5.7%
Expected return on plan assets	NA	NA
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables as per IALM (2012-14).

The weighted average duration of the defined benefit obligation was 4 years.

The defined benefit plan exposes the Company to actuarial risks, such as longevity and interest rate risk.

**(iii) Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	March 31, 2023		March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Change)	(56)	64	(3)	3
Salary increase (1% Change)	(62)	56	3	(3)
Attrition rate (1% Change)	(32)	34	(0)	0

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

**Maturity profile of defined benefit obligation**

Particulars	March 31, 2023	March 31, 2022
1st Following year	16	11
2nd Following year	34	10
3rd Following year	52	10
4th Following year	72	9
5th Following year	173	9
Years 6 to 10	427	54
Sum of Years 11 and above	789	-

**(iv) Risk Exposure:**

These defined benefit plans typically expose the Company to actuarial risks as under:

- a) Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
- b) Interest rate risk: A decrease in bond interest rate will increase the plan liability.
- c) Longevity risk: The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability.
- d) Salary risk: Higher than expected increase in salary will increase the defined benefit obligation.

**(v) Other Long term benefits**

Present value of other long term benefits (i.e compensated absences) obligations at the end of the year :

Particulars	March 31, 2023	March 31, 2022
Compensated absences	2,898	126



## 22. Ratio Analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	%change	Reason for variance
Current ratio	Current Assets	Current Liabilities	0.07	0.14	-49%	Refer Note (i)
Debt- Equity Ratio	Total Debt	Shareholder's Equity	17.83	29.07	-39%	Refer Note (ii)
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest	Debt service = Interest & Lease Payments + Principal Repayments	NA	NA	NA	Refer Note (iii)
Return on Equity Ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	NA	NA	NA	Refer Note (iii)
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	NA	NA	NA	Refer Note (iii)
Trade Receivables Turnover Ratio	Net credit sales = Revenue from operations	Average Trade Receivable	NA	NA	NA	Refer Note (iii)
Trade Payables Turnover Ratio	Net credit purchases = Purchases of traded goods + Purchases of raw materials and packing materials + other expenses	Average Trade Payables	NA	NA	NA	Refer Note (iii)
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	NA	NA	NA	Refer Note (iii)
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	NA	NA	NA	Refer Note (iii)
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth (Total equity - Intangibles assets) + Total Borrowings - Deferred Tax Asset	NA	NA	NA	Refer Note (iii)
Return on Investment	Interest income on deposits	Average Investment in deposits	0.03	0.03	0%	

- (i) The current ratio has improved due to increase in cash and cash equivalents
- (ii) The Change in debt equity ratio is due to additional borrowings taken during the year
- (iii) The Company is in stage of constructing Biopharmaceutical plant and is yet to commence its commercial operations. Hence, the specified ratios has not been disclosed for the year ended March 31, 2023 and March 31, 2022.

## 23. Earnings per share (EPS)

Particulars	March 31, 2023	March 31, 2022
Earnings		
Profit/(Loss) for the year	(10,704)	(4,091)
Shares		
Basic outstanding shares	50,000	50,000
Add : Weighted average shares issued during the year	-	-
<b>Weighted average shares used for computing basic and diluted EPS</b>	<b>50,000</b>	<b>50,000</b>
Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise-OCRPS	-	-
<b>Weighted average shares used for computing diluted EPS</b>	<b>50,000</b>	<b>50,000</b>
<b>Earnings / (loss) per equity share</b>		
Basic (in ₹)	(214.08)	(81.82)
Diluted (in ₹)	(214.08)	(81.82)

## 24. Other Statutory Information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988)."
  - The Company does not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.
  - The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
  - The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
  - The Company is not declared as wilful defaulter by any bank or financial institution or government or any government authority.
25. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries).

Further, The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

26. Previous period figures have been re-grouped/ re-classified wherever necessary, to confirm to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from April 1, 2021.

As per our Report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**  
Partner  
Membership No.: 060573

Bengaluru  
May 23, 2023

For and on behalf of the Board of Directors of Biocon Biosphere Limited

**Kiran Mazumdar-Shaw**  
Executive Chairperson  
DIN: 00347229

**Mukesh Kamath**  
Chief Financial Officer

Bengaluru  
May 23, 2023

**Siddharth Mittal**  
Director

**Ekta Agarwal**  
Company Secretary