

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

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

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**Biocon FZ-LLC**  
Dubai Development Authority  
Dubai, United Arab Emirates

### **General Information**

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

Website : [www.biocon.com](http://www.biocon.com)

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

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

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

## **Directors' Report**

The Directors present the annual report and the audited financial statements for the year ended March 31, 2021.

### **Legal Aspect**

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

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

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

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

### **Financial performance**

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

	<b>March 31, 2021</b>	March 31, 2020
Revenue	<b>20,267,299</b>	40,375,570
Gross profit	<b>2,242,047</b>	5,838,461
Gross profit margin	<b>11%</b>	14%
Net Profit/(loss) for the year	<b>764,284</b>	3,415,095

### **Changes in accounting policies**

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

### **Going Concern**

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

### **Auditors**

M/s M & M Al Menhali Auditing (Independent member of CPAAI Associates International), the auditors of the Company, have indicated their willingness to continue in office.

**Statement of Director's responsibility**

The management is responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of U.A.E Federal Commercial Companies Law No. 2 of 2015, rules and regulations of Dubai Development Authority and the Company's Memorandum and Articles of Association which might have materially affected the financial position of the Company or its financial performance.

**Approved by the Board and Signed on its behalf by:**



Director,  
April 28, 2021



Director,  
April 28, 2021

## INDEPENDENT AUDITOR'S REPORT

To,

**The Shareholder,**  
Biocon FZ-LLC,  
Dubai, U.A.E

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Biocon FZ-LLC**, which is registered under Dubai Development Authority as a Free Zone Limited liability company, Dubai, U.A.E.

### **What we have audited**

The company's financial statements comprising,

- The statement of financial position,
- The statement of income,
- The statement of changes in equity,
- The statement of cash flows,
- The notes to the financial statements, which include a summary of significant accounting policies.

### **Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Biocon FZ-LLC** and of its financial performance and its cash flows for the year March 31, 2021. We further confirm that the financial statements have been prepared in accordance with International Financial Reporting Standards and applicable financial framework under UAE Federal law no 2 of 2015 and rules and regulations of Dubai Development Authority.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of the Company in U.A.E, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

Management is responsible for other information. The other information comprises Directors' report set up on page 2 and 3. 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.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standard, UAE Federal law no 2 of 2015, rules and regulations of Dubai Development Authority and to implement and monitor such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.







A L M E N H A L I

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

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



مَنْهَالِي

تدقيق الحسابات (فرع د.م.س.)  
بجولة ومروحة كشركة منطقة حرة  
قانونين وأنظمة سلطة مركز دبي للتجارة المتعددة

### Report on Other Legal and Regulatory Requirements

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The financial statements have been prepared and complied in all material respects, with applicable provisions of rules and regulations of Dubai Development Authority;
- The company has maintained proper books of account and the company has not invested or purchased in shares during the year March 31, 2021;
- Notes to the financial statements discloses material related party transactions and balances, the terms under which they are conducted and principles;
- Based on information available to us nothing has come to our attention which causes us to believe that the company has contravened, during the financial year ended March 31, 2021 any of the applicable provisions of the rules and regulations of Dubai Development Authority or of its Articles of Association which would materially affect its activities or its financial position as at March 31, 2021.

M&M Al Menhali Auditing,

*M&M Al Menhali auditing*

Mr. Sudhir Appukuttan Panikassery  
Auditors' Registration No: 768  
Dubai, United Arab Emirates.



April 28, 2021

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M&M Al Menhali Auditing is a member firm of CPA Associates International (www.cpaai.com).

**Biocon FZ- LLC**  
**Dubai, United Arab Emirates**  
**Statement of Financial Position**  
**As at March 31, 2021**  
*(In Arab Emirates Dirhams)*

		March 31,	
	Notes	2021	2020
<b>Assets</b>			
<b>Non-current assets</b>		-	-
<b>Total non current assets</b>		-	-
<b>Current assets</b>			
Trade and Other receivables	7	7,067,893	24,681,054
Cash and cash equivalents	8	16,964,740	1,666,733
<b>Total current assets</b>		<b>24,032,633</b>	<b>26,347,787</b>
<b>Total Assets</b>		<b>24,032,633</b>	<b>26,347,787</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital		150,000	150,000
Retained earnings/(Accumulated losses)		3,633,497	2,869,213
<b>Total Equity</b>		<b>3,783,497</b>	<b>3,019,213</b>
<b>Non Current liabilities</b>			
Employees' end of service benefits	9	102,033	250,289
<b>Total non current liabilities</b>		<b>102,033</b>	<b>250,289</b>
<b>Current liabilities</b>			
Trade and other payables	10	20,147,103	23,078,285
<b>Total current liabilities</b>		<b>20,147,103</b>	<b>23,078,285</b>
<b>Total Liabilities</b>		<b>20,249,136</b>	<b>23,328,575</b>
<b>Total Equity and Liabilities</b>		<b>24,032,633</b>	<b>26,347,787</b>

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

Auditor's Report dated April 28, 2021 is set out on page 4 to 6.

The financial statements and notes on were approved by the Board on April 28, 2021 and signed on its behalf by:

  
Director

  
Director



**Biocon FZ- LLC**  
**Dubai, United Arab Emirates**

**Statement of Income**

**For the year ended March 31, 2021**

*(In Arab Emirates Dirhams)*

	<i>Notes</i>	For the year ended March 31,	
		2021	2020
<b>Revenue</b>	12	20,267,299	40,375,570
Cost of revenue	13	(18,025,252)	(34,537,109)
<b>Gross Profit</b>		<b>2,242,047</b>	<b>5,838,461</b>
General and administrative expenses	14	(4,259,294)	(4,878,771)
<b>Total Operating Expenses</b>		<b>(4,259,294)</b>	<b>(4,878,771)</b>
<b>Profit/(Loss) from operating activities</b>		<b>(2,017,247)</b>	<b>959,690</b>
Other Income	15	2,781,531	2,455,405
<b>Net profit for the year</b>		<b>764,284</b>	<b>3,415,095</b>

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

Auditor's Report dated April 28, 2021 is set out on page 4 to 6.

The financial statements and notes on were approved by the Board on April 28, 2021 and signed on its behalf by:



**Director**



**Director**



Biocon FZ- LLC

Dubai, United Arab Emirates

## Statement of Changes in Equity

For the year ended March 31, 2021

(In Arab Emirates Dirhams)

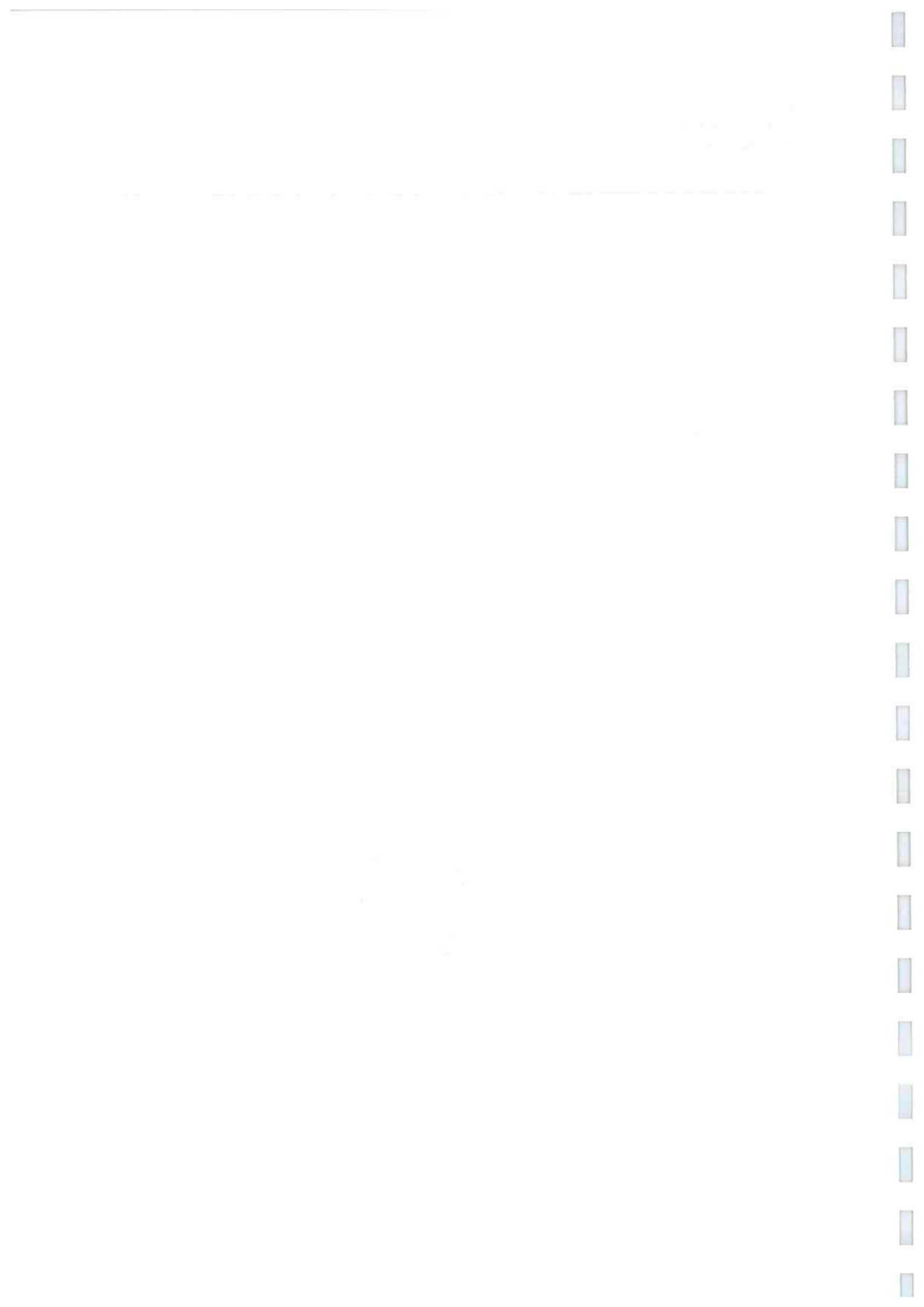
	Share capital	Accumulated losses/ Retained earnings	Total
Balance at April 01, 2019	150,000	(545,882)	(395,882)
Net profit for the year	-	3,415,095	3,415,095
Balance at March 31, 2020	150,000	2,869,213	3,019,213
Net profit for the year	-	764,284	764,284
<b>Balance at March 31, 2021</b>	<b>150,000</b>	<b>3,633,497</b>	<b>3,783,497</b>



**Biocon FZ- LLC**  
**Dubai, United Arab Emirates**  
**Statement of Cash Flows**  
**For the year ended March 31, 2021**  
*(In Arab Emirates Dirhams)*

	For the year ended March 31,	
	2021	2020
<b>Cash flows from/(used in) operating activities:</b>		
Net profit for the year	764,284	3,415,095
Provision for employees' service end benefit	148,256	65,840
Decrease/(Increase) in trade and other receivables	17,613,161	29,129,313
(Decrease)/Increase in trade and other payables	(2,931,182)	(33,589,005)
Reversal on provision on employees' end of service benefits	(172,292)	-
Payment of employees end of service benefits	(124,220)	-
<b>Net Cash flows (used in) operating activities</b>	<b>15,298,007</b>	<b>(978,757)</b>
<b>Cash flows from/(used in) investing activities:</b>	-	-
<b>Net Cash flows (used in) investing activities</b>	-	-
<b>Cash flows from/(used in) financing activities:</b>	-	-
<b>Net cash flows from financing activities</b>	-	-
<b>Net (Decrease) in cash and cash equivalents</b>	<b>15,298,007</b>	<b>(978,757)</b>
Cash and cash equivalents, beginning of the year	1,666,733	2,645,490
<b>Cash and cash equivalents, end of the year</b>	<b>16,964,740</b>	<b>1,666,733</b>
<b>Represented by:</b>		
Bank Balances	16,964,740	1,666,733
	<b>16,964,740</b>	<b>1,666,733</b>





## Notes to the Financial Statements

### For the year ended March 31, 2021

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#### 1. LEGAL STATUS & ACTIVITIES:

- a) Biocon FZ-LLC ("the Company") is registered with Dubai Development Authority (earlier knows as Dubai Creative Clusters Authority) as a Free Zone Company with Limited Liability and operates under the License No. 93004 originally issued on June 16, 2015 (current issue date is June 01, 2020).
- b) The Company is licensed by Dubai Development Authority to engage in marketing & sales promotion, import and re-export and storage of pharmaceuticals including providing support service.
- c) The reporting date of Biocon FZ-LLC is March 31, 2021.
- d) The registered office is in Premises: DSP- HQ Complex -707 N, Dubai Science Park, Dubai, UAE.
- e) Authorised, issued and paid-up capital of the Company is AED 150,000 divided in to 150 shares of AED 1,000 each fully paid and held by the shareholder,

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

#### 2. BASIS OF PREPARATION

##### 2.1 Basis of accounting

The financial statements of the entity are prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and comply, the requirements of the U.A.E. Federal Law No 2 of 2015 and rules and regulations of Dubai Development Authority. The requirements of the standards applied have been satisfied in full, and the financial statements therefore provide a true and fair view of the company's net assets, financial position and results of operations.

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

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

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

**New standards or amendments; effective for the annual period starting January 01, 2020**

- Amendments to References to the Conceptual Framework in IFRS Standards,
- Definition of Material (Amendments to IAS 1 and IAS 8),
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7),



## Notes to the Financial Statements

### For the year ended March 31, 2021

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Certain new amendments to existing standards have been published and their application is mandatory in the current accounting period. The revised standards applied haven't had a material impact on the reporting and presentation of amounts and disclosures in the financial statements in the prior and current periods however, they may affect the accounting treatment of transactions in the future periods.

#### New or revised standards issued but not yet effective.

- Covid-19-Related Rent Concessions (Amendment to IFRS 16)- June 01, 2020
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)- January 01, 2021

#### 2.3 Currency

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

#### 2.4 Impact of COVID 19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in UAE and globally. The Company will continue to closely monitor any material changes to future economic conditions.

#### 3. Accounting estimates and judgements

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

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

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

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

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



## Notes to the Financial Statements

### For the year ended March 31, 2021

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#### 3.1 Financial Instruments

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

##### A. Financial Instruments – Recognition and measurement

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

##### Trade receivables

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

At the end of each reporting period, an assessment is made whether there is an objective evidence of impairment. Estimates of the collectible amount of trade receivable are made when collection of the full amount is no longer probable. This estimation is performed on an individual basis. Amount which are not individually insignificant, but which are past due, are assessed collectively and an allowance applied accordingly to the length of time past due, based on historical recovery rates.

##### Other receivables

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

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

Deposits consist of cash deposited as security for electricity, visa fee etc.

##### Cash and cash equivalents

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

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

##### B. Financial liabilities

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

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

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

## Notes to the Financial Statements

### For the year ended March 31, 2021

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#### Trade and other payables

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

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

#### C. Derecognizing financial instruments

##### Derecognition of financial asset

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

##### Derecognition of financial liability

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

#### 3.2 Employee benefits

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

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

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

##### Employees' end of service benefit

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

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

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

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

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

## Notes to the Financial Statements

### For the year ended March 31, 2021

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

#### Share based payments

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

#### 3.3 Related party transactions

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

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

The Company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. IAS 24 also requires the disclosure of key management personnel.

Name of related parties	Relationship	Nature of transactions	Amount
NeoBiocon FZ- (L.L.C)	Associate	Purchases during the year	17,245,354
NeoBiocon FZ- (L.L.C)	Associate	Rent expenses	25,088
NeoBiocon FZ- (L.L.C)	Associate	Sales promotion expenses	1,029,599
NeoBiocon FZ- (L.L.C)	Associate	Consultancy expenses	1,106,767
Biocon Limited	Parent company	Purchases during the year	779,898
Biocon Limited	Parent company	Service income	1,047,625
Biocon Limited	Parent company	ESOP	38,748
Biocon Biologics India Ltd	Associate	Service income	1,733,906

#### 3.4 Revenue Recognition

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

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

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

## Notes to the Financial Statements

### For the year ended March 31, 2021

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

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

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

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

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

#### 4. DETERMINATION OF FAIR VALUES

The standard for fair value measurement applies on initial recognition and subsequent measurement when it required or permitted by other IFRS's. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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



## Notes to the Financial Statements

### For the year ended March 31, 2021

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Certain financial assets and liabilities are reported at their fair values, in estimating fair value of an asset or liability the entity uses observable data to the extent it is available. When level 1 input are not available such data a value need to be determined based on variety of valuation techniques that include the use of mathematical models. If inputs to these models cannot be obtained from observable data, judgements have to be made regarding factors such as present value calculation, prepayment rates etc. Under the fair value option, financial assets or financial liabilities may be measured at fair value through profit or loss on initial recognition if this eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch).

There are no material differences between carrying value and fair value for assets and liabilities.

#### 5. RISK PROFILE AND ANALYSIS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

##### **Credit risk analysis**

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations; it arises principally from the Company's receivables from customers, other receivables, balances with bank and amounts due from related parties. The company monitors defaults of customers or counterparties, identified collectively and incorporates the information into its credit risk controls, where available at reasonable cost, external credit ratings and/or reports on customers and counterparties are obtained and used. The company's policy is to deal with creditworthy counterparties.

The company has policy of providing provision for those which management think they cannot collect. The provision is also determined by reference to past default experience.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to payables to suppliers and the repayment of bank borrowings and amounts due to related parties. The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risks through, continuously forecasting the actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company currently has sufficient asset to meet expected operational expenses.



## Notes to the Financial Statements

### For the year ended March 31, 2021

As at March 31, 2021, the financial assets and liabilities have contractual maturities as below:

Financial Assets	Less than 180 days	More than 180 days
Trade receivables	4,003,098	251,882
Deposit	-	5,370
Prepayments	20,354	-
VAT	52,327	-
Other receivables	2,734,862	-
Cash and cash equivalents	16,964,740	-
<b>Total</b>	<b>23,775,381</b>	<b>257,252</b>
Financial Liabilities	Less than 180 days	More than 180 days
Trade and other payables	20,147,103	-
<b>Total</b>	<b>20,147,103</b>	<b>-</b>

#### Market risk

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

- Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates.

Most of the transactions are denominated in the same currency as functional currency and for those foreign currency transactions, exchange rates prevailing at the date of transaction is used.

Foreign exchange gains or losses resulting from any such transactions are recognized in the income statement. Hence currency risk is minimal. For transactions in USD there is no currency risk as the currency is pegged with local functional currency.

- Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments will fluctuate because of the changes in the market interest rates.

At the reporting date the Company has no exposure to interest rate risk as it has no interest rate bearing financial instruments.

## 6. CAPITAL MANAGEMENT POLICIES

The company's capital management objectives are

- To improve shareholder's wealth
- To ensure the company's ability to continue as a going concern

Management assesses the company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. In order to maintain or adjust the capital structure in the event of such requirement, the company adjusts the amount of returns to members, increase capital from the members, or sell assets to reduce debt.

	March 31, 2021	March 31, 2020
Total Liabilities	20,249,136	23,328,575
Less: Cash & Cash equivalents	(16,964,740))	(1,666,733)
<b>Net Debt</b>	<b>3,284,396</b>	21,661,841
Net Equity	3,783,497	3,019,213

**Biocon FZ- LLC**  
**Dubai, United Arab Emirates**  
**Notes to the Financial Statements**  
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<b>7</b>	<b>Trade and Other receivables</b>	<b>March 31,</b>	
		<b>2021</b>	<b>2020</b>
	Trade receivables	4,254,980	23,083,914
	Other receivables	2,734,862	1,442,778
	VAT receivable	52,327	142,573
	Prepayments	20,354	6,419
	Deposits	5,370	5,371
		<b>7,067,893</b>	<b>24,681,054</b>
	<u><i>Ageing analysis</i></u>		
		<b>March 31,</b>	
		<b>2021</b>	<b>2020</b>
	Neither due nor impaired		
	Less than 180 days	4,003,098	23,083,914
	More than 180 days	251,882	-
		<b>4,254,980</b>	<b>23,083,914</b>
<b>8</b>	<b>Cash and cash equivalents</b>	<b>March 31,</b>	
		<b>2021</b>	<b>2020</b>
	Bank balances	16,964,740	1,666,733
		<b>16,964,740</b>	<b>1,666,733</b>
<b>9</b>	<b>Employees' end of service benefits</b>	<b>March 31,</b>	
		<b>2021</b>	<b>2020</b>
	Balance at beginning of the year	250,289	184,449
	Paid during the year	(124,220)	-
	Less: Reversal on provision	(172,292)	-
	Add: Provision for the year	148,256	65,840
		<b>102,033</b>	<b>250,289</b>
<b>10</b>	<b>Trade and other payables</b>	<b>March 31,</b>	
		<b>2021</b>	<b>2020</b>
	Trade payable	18,145,005	21,820,739
	Staff payable	40,813	44,374
	Accruals	1,961,285	1,213,172
		<b>20,147,103</b>	<b>23,078,285</b>



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**Biocon FZ- LLC**  
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**11 Transactions with related party**

**Amount due from related parties- Included in Other receivables**

	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Biocon Biologics India Ltd	1,342,937	1,034,495
Biocon Limited	1,391,925	408,283
	<b>2,734,862</b>	<b>1,442,778</b>
Due within 1 year	<b>2,734,862</b>	<b>1,442,778</b>

**Amount due to related parties- Included in Trade payables**

	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
NeoBiocon FZ- (L.L.C)	18,145,005	20,805,591
Biocon Limited	-	1,015,148
	<b>18,145,005</b>	<b>21,820,739</b>
Due within 1 year	<b>18,145,005</b>	<b>21,820,739</b>

**12 Revenue**

	<b>For the year ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Sales	20,267,299	40,375,570
	<b>20,267,299</b>	<b>40,375,570</b>

**13 Cost of revenue**

	<b>For the year ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Purchases during the year	18,025,252	34,537,109
	<b>18,025,252</b>	<b>34,537,109</b>

**Biocon FZ- LLC**  
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**14 General and administrative expenses**

	For the year ended March 31,	
	2021	2020
Sales promotion expenses	1,667,618	2,229,669
Salary and other related benefits	1,367,498	2,371,755
Consultancy expenses	1,106,767	-
Transportation Expenses	-	85,008
Legal and professional charges	40,380	96,805
Communication expense	30,401	54,028
Rent	25,089	24,024
Bank charges	7,618	3,494
Forex loss	7,923	7,364
Office Expenses	6,000	6,624
	<b>4,259,294</b>	<b>4,878,771</b>

**15 Other Income**

	For the year ended March 31,	
	2021	2020
Service income	2,781,531	2,455,405
	<b>2,781,531</b>	<b>2,455,405</b>

