# Independent Auditor's Report

To the Members of Biocon Pharma Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Biocon Pharma Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, 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 2022, and its profit 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 obtained by us, 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 directors' report, but does not include the financial statements and our 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 Auditor's) 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 28 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 36 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 persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or 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 36 to the financial statements, no funds have been received by the Company from any persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has neither declared nor paid any dividend during the year.

(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/provided for managerial remuneration during the year. Accordingly, the provisions of Section 197 of the Act is not applicable. 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
UDIN:

Place: Bengaluru
Date: 28 April 2022

## Annexure A to the Independent Auditors' Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2022, we report the following:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(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 a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(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 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) The inventory has been physically verified by the management during the year. There are no stocks lying with third parties and goods-in-transit at the year-end. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(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) (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 provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) and 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company. The Company has made investments in one Company during the year, in respect of which the requisite information is as below. The Company has not made any investments in firms, limited liability partnership or any other parties.

(b )According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are prima facie, not prejudicial to the interest of the Company.

(iv) 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 given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of section 186 of the Act have been complied with.

(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) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(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 Goods and Services Tax ('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 GST, Provident Fund, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities. The Company did not have any dues of Employees' State Insurance.

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 GST, Provident fund, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 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 GST, 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 subsidiary 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 subsidiary (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 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 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 to the Company.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that 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 to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion an based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act, 2013.

(b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable

(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 not incurred any cash loss during the year. However, it had incurred cash losses of ₹ 517 million 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
UDIN:

Place: Bengaluru
Date: 28 April 2022

## Annexure B to the Independent Auditor's report on the financial statements of Biocon Pharma Limited for the year ended 31 March 2022.

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 Companies Act, 2013

(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 Pharma Limited ("the Company") as of 31 March 2022 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 2022, 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 Companies Act, 2013 (hereinafter referred to as "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 whether 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 such internal financial controls, 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
UDIN:

Place: Bengaluru
Date: 28 April 2022

# Balance Sheet as at March 31, 2022

(All amounts are in Million, except share data and per share data, unless otherwise stated)

| PARTICULARS | Note | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 3,238 | 3,353 |
| Capital work-in-progress | 3 | 141 | 145 |
| Right-of-use assets | 4(a) | 26 | 37 |
| Other Intangible assets | 4(b) | 109 | 24 |
| Intangible assets under development | 4(b) | 353 | 283 |
| Financial assets | | | |
| (i) Investments | 5(a) | 2,023 | 1,629 |
| Income tax asset (net) | | 130 | 6 |
| Deferred tax Asset (net) | 26(d) | - | 10 |
| Other non-current assets | 7(a) | 14 | 11 |
| **Total non-current assets** | | **6,034** | **5,498** |
| **Current assets** | | | |
| Inventories | 8 | 224 | 128 |
| Financial assets | | | |
| (i) Investments | 5(b) | 1,300 | 1,130 |
| (ii) Trade receivables | 9 | 1,854 | 449 |
| (iii) Cash and cash equivalents | 10 | 571 | 368 |
| (iv) Bank balances other than (iii) above | 10 | 1,519 | 2,090 |
| (v) Other financial assets | 6(a) | 54 | 19 |
| Other current assets | 7(b) | 278 | 66 |
| **Total current assets** | | **5,800** | **4,250** |
| **TOTAL** | | **11,834** | **9,748** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 11(a) | 141 | 141 |
| Other equity | 11(b) | (1,208) | (2,274) |
| **Total equity** | | **(1,067)** | **(2,133)** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Lease liabilities | 30 | 17 | 32 |
| Deferred tax liability (net) | 26(d) | 5 | - |
| Provisions | 13(a) | 18 | 9 |
| **Total non-current liabilities** | | **40** | **41** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Lease liabilities | 30 | 16 | 11 |
| (ii) Trade payables | 14 | | |
| Total outstanding dues of micro and small enterprises | | 20 | 10 |
| Total outstanding dues of creditors other than micro and small enterprises | | 3,851 | 1,957 |
| (iii) Borrowing | 12(b) | 8,862 | 9,415 |
| (iv) Other financial labilities | 15(a) | 41 | 393 |
| Provisions | 13(b) | 25 | 12 |
| Other current liabilities | 16 | 46 | 42 |
| **Total current liabilities** | | **12,861** | **11,840** |
| **TOTAL** | | **11,834** | **9,748** |

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
April 28, 2022

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

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

**Siddharth Mittal**
*Director*

**Indranil Sen**
*Chief Financial Officer*

**Mayank Verma**
*Company Secretary*

Bengaluru
April 28, 2022

# Statement of Profit and Loss for the year ended March 31, 2022

(All amounts are in Million, except share data and per share data, unless otherwise stated)

| PARTICULARS | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 17 | 6,066 | 1,984 |
| Other income | 18 | 248 | 28 |
| **Total income** | | **6,314** | **2,012** |
| **Expenses** | | | |
| Cost of materials consumed | 19 | 478 | 230 |
| Purchases of stock-in-trade | | 1,781 | 524 |
| Changes in inventories of Stock-in-trade, finished goods and work-in-progress | 20 | (67) | (32) |
| Employee benefits expense | 21 | 602 | 398 |
| Finance cost | 22 | 17 | 130 |
| Depreciation and amortisation expense | 23 | 322 | 273 |
| Other expenses | 24 | 2,125 | 1,296 |
| **Total expenses** | | **5,258** | **2,819** |
| **Profit/(Loss) for the year** | | **1,056** | **(807)** |
| **Tax expense** | | | |
| Current tax | 26 | - | - |
| Deferred tax | 26 | - | 452 |
| **Total tax expense** | | **-** | **452** |
| **Profit/(Loss) for the year** | | **1,056** | **(1,259)** |
| **Other comprehensive income** | | | |
| **(i) Items that will be not be reclassified subsequently to profit or loss** | | | |
| Re-measurement on defined benefit plans | | (4) | 1 |
| Income tax effect | | 3 | - |
| | | **(-1)** | **1** |
| Effective portion of gains/(losses) on hedging instrument in cash flow hedges | | 29 | 4 |
| Income tax effect | | (18) | - |
| | | **11** | **4** |
| **Other comprehensive income for the year, net of taxes** | | **10** | **5** |
| **Total comprehensive income/(loss) for the year, net of taxes** | | **1,066** | **(1,254)** |
| **Earnings / (loss) per equity share** | | | |
| Basic ( in ₹) | 32 | 75.18 | (89.61) |
| Diluted ( in ₹) | 32 | 1.19 | (89.61) |

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
April 28, 2022

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

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

**Siddharth Mittal**
*Director*

**Indranil Sen**
*Chief Financial Officer*

**Mayank Verma**
*Company Secretary*

Bengaluru
April 28, 2022

# Statement of Changes In Equity for the year ended March 31, 2022

(All amounts are in Million, except share data and per share data, unless otherwise stated)

| A. Equity share capital | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Opening balance | 141 | 141 |
| **Closing balance** | **141** | **141** |

| B. Other equity | Reserves and surplus | | Items of other comprehensive income | | Total other equity |
|---|---|---|---|---|---|
| Particulars | Equity component of compound financial instrument | Retained earnings | Cash flow hedging reserve | Other items of other comprehensive income | |
| **Balance as at April 01, 2020** | **1,196** | **(1,032)** | **13** | **(1)** | **176** |
| Loss for the year | - | (1,259) | - | - | (1,259) |
| Other comprehensive income / (loss) | - | - | 4 | 1 | 5 |
| Transfer of equity component to debt component (net of deferred tax) | (1,196) | - | - | - | (1,196) |
| **Total comprehensive income / (expense) for the year** | **(1,196)** | **(1,259)** | **4** | **1** | **(2,450)** |
| **Balance as at March 31, 2021** | **-** | **(2,291)** | **17** | **-** | **(2,274)** |
| Profit for the year | - | 1,056 | - | - | 1,056 |
| Other comprehensive income / (loss) | - | - | 11 | (1) | 10 |
| **Total comprehensive income / (expense) for the year** | **-** | **1,056** | **11** | **(1)** | **1,066** |
| **Balance as at March 31, 2022** | **-** | **(1,235)** | **28** | **(1)** | **(1,208)** |

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
April 28, 2022

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

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

**Siddharth Mittal**
*Director*

**Indranil Sen**
*Chief Financial Officer*

**Mayank Verma**
*Company Secretary*

Bengaluru
April 28, 2022

# Statement of Cash Flows for the year ended March 31, 2022

(All amounts are in Million, except share data and per share data, unless otherwise stated)

| PARTICULARS | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **I** | **Cash flows from operating activities** | | |
| | **Profit/(Loss) for the year** | 1,056 | (1,259) |
| | **Adjustments to reconcile profit/ loss for the year to net cash flows** | | |
| | Unrealised foreign exchange (gain)/Loss | 17 | 17 |
| | Depreciation and amortisation expense | 322 | 273 |
| | Net gain on sale of current investment | (3) | - |
| | Interest Income | (182) | (28) |
| | Interest Expense | 17 | 130 |
| | Tax expense | - | 453 |
| | **Operating profit before changes in operating assets and liabilities** | **1,227** | **(414)** |
| | **Movements in operating assets and liabilities** | | |
| | Decrease/(Increase) in Inventories | (96) | (114) |
| | Decrease/(Increase) in Trade receivables | (1,416) | (446) |
| | Decrease/(Increase) in other assets | (213) | 67 |
| | Increase in trade payable, other liabilities and provisions | 1,925 | 1,332 |
| | **Cash generated from operations** | **1,427** | **425** |
| | Direct taxes paid (net of refunds) | (124) | - |
| | **Net cash flow from operating activities** | **1,303** | **425** |
| **II** | **Cash flows from investing activities** | | |
| | Purchase of Property, plant and equipment | (486) | (214) |
| | Purchase of intangible assets (including under development) | (199) | (23) |
| | Investment in subsidiaries | (68) | (492) |
| | Recovery of loans from subsidiaries | - | 377 |
| | Purchase of investments | (2,081) | (80) |
| | Proceeds from Sale of investments | 2,158 | - |
| | Investment in bank deposits and inter corporate deposits | (3,747) | (3,340) |
| | Redemption/maturity of bank deposits and inter corporate deposits | 3,748 | - |
| | Interest received | 173 | - |
| | **Net cash flow used in investing activities** | **(502)** | **(3,772)** |
| **III** | **Cash flows from financing activities** | | |
| | Repayment of long term borrowings | (566) | (542) |
| | Proceeds from long term borrowings | - | 4,279 |
| | Repayment of Lease liabilities, net | (15) | (14) |
| | Interest paid | (12) | (38) |
| | **Net cash flow generated from / (used in) financing activities** | **(593)** | **3,685** |
| **IV** | **Net increase in cash and cash equivalents (I + II + III)** | 208 | 338 |
| **V** | Effect of exchange differences on cash and cash equivalents held in foreign currency | (5) | 3 |
| **VI** | Cash and cash equivalents at the beginning of the year | 368 | 27 |

# Statement of Cash Flows for the year ended March 31, 2022

(All amounts are in ₹ Million, except share data and per share data, unless otherwise stated)

| | PARTICULARS | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **VI** | **Cash and cash equivalents at the end of the year (IV + V + VI)** | 571 | 368 |
| | **Reconciliation of cash and cash equivalents as per statement of cash flow** | | |
| | **Cash and cash equivalents (Note 11)** | | |
| | Balances with banks - on current accounts | 571 | 258 |
| | Deposits with original maturity of less than 3 months | - | 110 |
| | | **571** | **368** |
| | **Balance as per statement of cash flows** | **571** | **368** |

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

| | Opening balance April 01,2021 | Cash flows | Non-cash movement | Closing balance March 31, 2022 |
|---|---|---|---|---|
| Borrowings (including current maturities) | 9,415 | -566 | 13 | 8,862 |
| Interest accured but not due | - | -12 | 12 | - |
| | **9,415** | **-578** | **25** | **8,862** |

**Reconciliation between opening and closing balance sheet for liabilities arising from financing activities as at March 31, 2021**

| | Opening balance April 01,2020 | Cash flows | Non-cash movement | Closing balance March 31, 2021 |
|---|---|---|---|---|
| Borrowings (including current maturities) | 3,895 | 3,737 | 1,783 | 9,415 |
| Interest accured but not due | 37 | -38 | 1 | - |
| | **3,932** | **3,699** | **1,784** | **9,415** |

(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*
Membership No.: 060573

Bengaluru
April 28, 2022

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

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

**Siddharth Mittal**
*Director*

**Indranil Sen**
*Chief Financial Officer*

**Mayank Verma**
*Company Secretary*

Bengaluru
April 28, 2022

# Notes to the Standalone Financial Statements

for the year ended March 31, 2022

## 1. Company Overview

### 1.1 Reporting entity

Biocon Pharma Limited ("the Company") was incorporated in India on October 31, 2014, as a wholly owned subsidiary of Biocon Limited. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company has setup its formulations manufacturing facility for oral solid dosages at Biocon SEZ, Bengaluru and commenced its commercial production on March 23, 2020.

### 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 net current liability position of INR 7,061 millions as at March 31, 2022 (March 31, 2021: INR 7,590 millions). Notwithstanding the current liability position, 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". The Holding Company undertakes to provide sufficient financial and other support to the Company for a foreseeable future and not to call for settlement of any amounts that the Company owes to it. Accordingly, these financial statements have been prepared under the going concern assumption. These financial statements were authorised for issuance by the Company's Board of Directors on April 28, 2022.

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 million, 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 are measured at fair value; and
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

**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 notes:

- Note 2(a) and 28 — Financial instruments
- Note 2(b), 2(c) — Useful lives of property, plant and equipment and intangible assets
- Note 2(n) and 30 — Lease, whether an agreement contains a lease
- Note 27 — measurement of defined benefit obligation; key actuarial assumptions;

- Note 33 — Share based payments
- Note 2(k) and 26 — Provision for income taxes and related tax contingencies and Evaluation of
- Note 31 — recoverability of deferred tax assets
- Note 2(i) and 17 — Revenue Recognition: whether revenue from sale of product is recognised over time or at a point in time

**1.3 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the year ended March 31, 2022 is included in the following notes:

— Note 2(f)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts;

— Note 26 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 27 – measurement of defined benefit obligation; key actuarial assumptions;

— Note 13(a), 13(b) and 31 – recognition and measurement of provisions, contingencies and commitments: key assumptions about the likelihood and magnitude of an outflow of resources;

**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 categorised 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 following notes

- Note 33 – Share based payments
- Note 2(a) and 28 – 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) – 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.

*Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Investments in subsidiaries*

Equity investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists,the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

*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. |
| 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 derecognises 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 realise the asset and settle the liability simultaneously.

**v. Convertible Preference shares**

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

**vi. Derivative financial instruments and hedge accounting**

The Company holds derivative financial instruments to hedge interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of

cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

**vii. Cash and cash equivalents**

Cash and cash equivalents 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**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment including self-constructed items, 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.

**ii. Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that

the Company will obtain ownership by the end of the lease term.

The estimated useful lives of items of property, plant and equipment for the current year are as follows:

| Asset | Management estimate of useful life | Useful life as per Schedule II |
|---|---|---|
| Building | 30 years | 30 years |
| Plant and equipment (including Electrical installation and Lab equipment ) | 12 -15 years | 8-20 years |
| Computers and servers | 3 years | 3-6 years |
| Furniture and fixtures | 6 years | 10 years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

**c. Intangible assets**

*Others*

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

*i. Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

*ii. Amortisation*

Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

| | |
|---|---|
| — Computer software | 5 years |
| — Marketing and Manufacturing rights | 5 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**d. Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Provisions are made towards slow-moving and obsolete items based on historical experience of utilisation on a product category basis, which consideration of product lines and market conditions.

**e. Foreign currency Transactions and translations:**
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example translation

differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

**f. Impairment**

*i. 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

— financial assets measured at FVOCI

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.

*ii. 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 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, inventories and deferred tax 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 unit (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 groups of CGUs) on a pro rata basis.

An impairment loss in respect of assets which 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.

**g. Employee benefits**

*i. Short-term employee benefits:*

All employee benefits falling due within twelve months from the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly."

*ii. Post-employment benefits:*

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:"

*Gratuity:*

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

*Provident Fund:*

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

*iii. Compensated absences*

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised is the period in which the absence occur.

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

*iv. Share-based compensation*

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

**h. 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.

**i. Revenue from contracts with customers**

*i. Sale of goods*

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

For contracts with distributors, no sales are recognised when goods are physically transferred to the distributor under a consignment arrangement, or if the distributor acts as an agent. In such cases, sales are recognised when control over the goods transfers to the end-customer, and distributor's commissions are presented within marketing and distribution.

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

ii. *Royalty income and profit share*

The Royalty income and profit share earned through a License or collaboration partners is recognised as the underlying sales are recorded by the Licensee or collaboration partners.

iii. *Sales Return Allowances*

The Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Company's estimate of expected sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.

iv. *Interest income and expense*

Interest income or expense is recognised using the effective interest method.

**j. Government grants**

The Company recognises government grants at their fair value only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Government grants, which are revenue in nature are either recognised as income or deducted in reporting the related expense based on the terms of the grant, as applicable.

**k. 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 realise 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 realised.

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 assets 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 utilised. 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 realise the asset and settle the liability simultaneously.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

**l. 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 of time 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 of time to get ready for their intended use or sale.

**m. 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, except where the results would be anti-dilutive.

**n. Leases**

*Company as a lessee*

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

- The contract involves use of an identified asset;
- The company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The company has the right to direct the use of an asset.

At the date of commencement of lease, the company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Certain lease agreements include an option to extend or terminate the lease before the end of lease term. ROU assets and the lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., higher of fair value less cost to sell and the value-in-use) is determined on individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of- use assets if the company changes its assessment if whether it will exercise an extension or a termination of option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

**o. 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.

**p. 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, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

*Ind AS 103 – Reference to Conceptual Framework*

The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

*Ind AS 16 – Proceeds before intended use*

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

*Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

*Ind AS 109 – Annual Improvements to Ind AS (2021)*

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

## 3. Property, plant and equipment and Capital work-in-progress

(₹ in lakh)

| | Buildings | Plant and equipment [Refer Note (a)] | Furniture and fixtures | Total | Capital work-in-progress |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| At April 01, 2020 | 847 | 2,750 | 7 | 3,604 | - |
| Additions | 2 | 39 | -* | 41 | 145 |
| Disposals/transfers | (9) | (18) | - | (27) | - |
| **At March 31, 2021** | **840** | **2,771** | **7** | **3,618** | **145** |
| Additions | - | 151 | 1 | 152 | 148 |
| Disposals/other adjustments | - | - | - | - | (152) |
| **At March 31, 2022** | **840** | **2,922** | **8** | **3,770** | **141** |
| **Accumulated depreciation** | | | | | |
| At April 01, 2020 | 1 | 5 | - | 6 | - |
| Depreciation for the year | 28 | 230 | 1 | 259 | - |
| **At March 31, 2021** | **29** | **235** | **1** | **265** | **-** |
| Depreciation for the year | 28 | 238 | 1 | 267 | - |
| **At March 31, 2022** | **57** | **473** | **2** | **532** | **-** |
| **Net carrying amount** | | | | | |
| At March 31, 2021 | 811 | 2,536 | 6 | 3,353 | 145 |
| At March 31, 2022 | **783** | **2,449** | **6** | **3,238** | **141** |

a) Plant and equipment include computers and office equipment.

*Amounts are not presented since the amounts are rounded off to Rupees million.

**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 | 141 | - | - | - | 141 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **141** | **-** | **-** | **-** | **141** |

**As at March 31, 2021**

| 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 | 145 | - | - | - | 145 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **145** | **-** | **-** | **-** | **145** |

(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, 2022 and March 31, 2021.

## 4 (a). Right-of-Use-assets

| Particulars | Land | Buildings | Total |
|---|---|---|---|
| **Gross carrying amount** | | | |
| **At April 01, 2020** | 18 | 41 | 59 |
| Additions | - | - | - |
| **At March 31, 2021** | **18** | **41** | **59** |
| Additions | - | - | - |
| **At March 31, 2022** | **18** | **41** | **59** |
| **Accumulated Depreciation** | | | |
| **At April 01, 2020** | 2 | 9 | 11 |
| Depreciation for the year | 2 | 9 | 11 |
| **At March 31, 2021** | **4** | **18** | **22** |
| Depreciation for the year | 2 | 9 | 11 |
| **At March 31, 2022** | **6** | **27** | **33** |
| **Net carrying amount** | | | |
| At March 31, 2021 | 14 | 23 | 37 |
| At March 31, 2022 | **12** | **14** | **26** |

## 4 (b). Other Intangible assets and Intangible assets under development

| Particulars | Computer software | Marketing and Manufacturing rights | Total | Intangible assets under development |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **At April 01, 2020** | 4 | - | 4 | 283 |
| Additions | 7 | 16 | 23 | - |
| **At March 31, 2021** | **11** | **16** | **27** | **283** |
| Additions | 4 | 125 | 129 | 70 |
| **At March 31, 2022** | **15** | **141** | **156** | **353** |
| **Accumulated amortisation** | | | | |
| **At April 01, 2020** | - | - | - | - |
| Amortisation for the year | 2 | 1 | 3 | - |
| **At March 31, 2021** | **2** | **1** | **3** | **-** |
| Amortisation for the year | 3 | 41 | 44 | - |
| **At March 31, 2022** | **5** | **42** | **47** | **-** |
| **Net carrying amount** | | | | |
| At March 31, 2021 | 9 | 15 | 24 | 283 |
| At March 31, 2022 | **10** | **99** | **109** | **353** |

## 4 (c). Intangible Asset under Development ageing Schedule

**As at March 31, 2022**

| Particulars | Amount in Intangible Asset under Development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 70 | - | 283 | - | 353 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **70** | **-** | **283** | **-** | **353** |

**As at March 31, 2021**

| Particulars | Amount in Intangible Asset under Development for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | 283 | - | - | 283 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **-** | **283** | **-** | **-** | **283** |

(i) There are no intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2022 and March 31, 2021.

## 5 (a). Non-current investments

| | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| **I.** | **Unquoted equity instrument** | | |
| | **In subsidiary company at cost:** | | |
| | 140,000 (March 31, 2021 - 140,000) Equity shares of USD 10 each in Biocon Pharma Inc. | 94 | 94 |
| | 350,000 (March 31, 2021 - 350,000) Equity shares of GBP 1 each in Biocon Pharma UK Limited | 31 | 31 |
| | 775,001 (March 31, 2021 - 775,001) Equity shares of EUR 1 each in Biocon Pharma Ireland Limited | 68 | 68 |
| | 1,200 (March 31, 2021 - 1,200) Equity shares of EUR 1 each in Biocon Pharma Malta Limited | -* | -* |
| | | **193** | **193** |
| **II.** | **Unquoted preference instrument** | | |
| | **In subsidiary company at cost :** | | |
| | 1,690,000 (March 31, 2021 - 1,690,000) Preference shares of USD 10 each in Biocon Pharma Inc. | 1,173 | 1,173 |
| | 1,327,000 (March 31, 2021 - 6,57,000) Preference shares of GBP 1 each in Biocon Pharma UK | 131 | 63 |
| **III.** | **Intercorporate deposit with financial institutions carried at amortised cost** | 526 | 200 |
| | **Total non-current investments** | **2,023** | **1,629** |
| | Aggregate value of unquoted investments | 2,023 | 1,629 |
| | Aggregate provision for diminution in value of Investments | - | - |

*Amounts are not presented since the amounts are rounded off to Rupees million

## 5 (b). Current investments

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Unquoted - In others - at amortised cost:** | | |
| Inter corporate deposits with financial institutions | 1,294 | 1,050 |
| **Total inter corporate deposits with financial institutions** | **1,294** | **1,050** |
| **Quoted -Investment in mutual funds at fair value through profit or Loss** | | |
| Investment in mutual funds | 6 | 80 |
| **Total quoted -investment in mutual funds** | **6** | **80** |
| **Total current investments** | **1,300** | **1,130** |
| Aggregate book and market value of quoted investments | 6 | 80 |
| Aggregate value of unquoted investements | 1,294 | 1,050 |

## 6. Other financial assets

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **(a) Current** | | |
| Fair value of hedging instruments | 29 | 6 |
| Interest accrued but not due | 22 | 13 |
| Others | 3 | - |
| | **54** | **19** |

## 7. Other assets

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **(a) Non-current** | | |
| Capital advances | 14 | 9 |
| Balances with statutory / government authorities | -* | 2 |
| | **14** | **11** |
| **(b) Current** | | |
| Advance to suppliers | 93 | 53 |
| Balances with statutory / government authorities | 139 | - |
| Prepayments | 46 | 13 |
| | **278** | **66** |

*Amounts are not presented since the amounts are rounded off to Rupees million.

## 8. Inventories

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Raw materials | 80 | 72 |
| Packing materials | 31 | 10 |
| Work-in-progress | 2 | 1 |
| Finished goods and stock-in-trade | 111 | 45 |
| | **224** | **128** |

* includes goods in-transit ₹ 24 (March 31, 2021 - ₹ Nil)

## 9. Trade receivables

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| (a) Trade Receivables considered good - Unsecured | 1,854 | 449 |
| (b) Trade Receivables - credit impaired | - | - |
| | **1,854** | **449** |
| Allowance for credit loss | - | - |
| | **1,854** | **449** |

(i) The Company's exposure to credit and currency risk, and loss allowances are disclosed in Note 28

(ii) Includes receivables from related parties [refer note 25]

### (a) Trade receivables Ageing Schedule

| As at 31 March 2022 | | | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 6 Months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade Receivables - considered good | 249 | 1,048 | 524 | 33 | -* | -* | -* | 1,854 |
| Undisputed Trade receivable - credit impaired | | - | - | - | - | - | - | - |
| **Total** | **249** | **1,048** | **524** | **33** | **-*** | **-*** | **-*** | **1,854** |

*Amounts are not presented since the amounts are rounded off to Rupees million.

| As at 31 March 2021 | | | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 6 Months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade Receivables – considered good | 181 | 268 | -* | - | -* | -* | - | 449 |
| Undisputed Trade receivable – credit impaired | | - | - | - | - | - | - | - |
| **Total** | **181** | **268** | **-*** | **-** | **-*** | **-*** | **-*** | **449** |

*Amounts are not presented since the amounts are rounded off to Rupees million.

## 10. Cash and bank balances

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks: | | |
| On current accounts | 571 | 258 |
| Deposits with original maturity of less than 3 months | - | 110 |
| **Total cash and cash equivalents** | **571** | **368** |
| | | |
| **Other bank balances** | | |
| Deposits with maturity of less than 12 months | 1,519 | 2,090 |
| **Total other bank balances** | **1,519** | **2,090** |
| | | |
| **Total cash and bank balances** | **2,090** | **2,458** |

## 11(a). Share capital

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Authorised** | | |
| 20,000,000 (March 31, 2021 - 20,000,000) equity shares of ₹ 10 each (March 31, 2021 - ₹ 10 each) | 200 | 200 |
| 1,020,000,000 (March 31, 2021- 1,020,000,000 ) preference shares of ₹ 10 each (March 31, 2021 - ₹ 10 each) | **10,200** | **10,200** |
| **Issued, subscribed and fully paid-up share capital** | | |
| 14,050,000 (March 31, 2021 - 14,050,000) equity shares of ₹ 10 each (March 31, 2021 - ₹ 10 each) | 141 | 141 |
| 873,000,000 (March 31, 2021 - 873,000,000) Optionally convertible redeemable non cumulative preference shares ("OCRPS") | 8,730 | 8,730 |
| | **8,871** | **8,871** |
| Less: Preference share capital classified as financial liability [refer note 12] | (8,730) | (8,730) |
| **Equity share capital** | **141** | **141** |

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

| (a) Equity shares | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | No. | ₹ Million | No. | ₹ Million |
| At the beginning of the year | 14,050,000 | 141 | 14,050,000 | 141 |
| Issued during the year | - | - | - | - |
| **Outstanding at the end of the year** | **14,050,000** | **141** | **14,050,000** | **141** |

| (b) Optionally convertible redeemable non cumulative preference shares | March 31 2022 | | March 31 2021 | |
|---|---|---|---|---|
| | No. | ₹ Million | No. | ₹ Million |
| At the beginning of the year | 873,000,000 | 8,730 | 276,058,963 | 2,761 |
| Issued during the year | - | - | 596,941,037 | 5,969 |
| Outstanding at the end of the year | **873,000,000** | **8,730** | **873,000,000** | **8,730** |

**(ii) Terms/ rights attached**

**(a) Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

**(b) Optionally Convertibe redeemable non cumulative preference shares**

During the previous year the Company has amended the terms and condition of the OCRPS. The revised terms and conditions are as follows:-

(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.

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 12.

**(iii) Details of shareholders holding more than 5% of each class of shares in the Company:**

| | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | No. | % holding | No. | % holding |
| **Equity shares of ₹ 10 each fully paid** | | | | |
| Biocon Limited, the Holding Company (including shares held through nominees) | 14,050,000 | 100% | 14,050,000 | 100% |
| **OCRPS of ₹ 10 each fully paid** | | | | |
| Biocon Limited, the Holding Company | 873,000,000 | 100% | 873,000,000 | 100% |

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

The Company is a wholly owned subsidiary of Biocon limited, hence disclosure for shareholding of promoters has not been disclosed seperately.

**(iv)** During the five years ended 31 March 2022, 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.

## 11(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.

**Equity component of compound financial instrument**

The compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Financial liabilities are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

**Other Items of other comprehensive income**

Other Items of other comprehensive income represents mark to market gain or loss on financial assets classified as FVTOCI and re-measurements of the defined benefits plan.

## 12. Borrowings

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **(a). Non Current Borrowings** | | |
| **Loans from banks (Secured)** | | |
| Term loan [Refer Note (a) below] | - | 553 |
| **Other loans and advances (Unsecured)** | | |
| Optionally convertible redeemable non cumulative prefrence shares [refer note 11 (a)(ii)(b)] | **8,862** | **8,862** |
| | 8,862 | 9,415 |
| Less: Amount disclosed under the head "Current borrowings" [refer note 12(b)] | (8,862) | (9,415) |
| | - | - |
| **The above amount includes** | | |
| Secured borrowings | - | 553 |
| Unsecured borrowings | 8,862 | 8,862 |
| Amount disclosed under the head "current borrowings" [refer note 12(b)] | (8,862) | (9,415) |
| **Net amount** | - | - |

(a) On February 24, 2016, the Company obtained an external commercial borrowing of USD 20 million from a bank, carrying interest @ Libor + 1.75% per annum. The loan was repayable in 11 unequal quarterly instalments commencing from June 28, 2019. The loan was secured by first priority pari passu charge on the plant and machinery of the facility for the manufacture of pharmaceuticals. Further, the loan was guaranteed by Biocon Limited, the Holding Company.During the current year ended March 31, 2022 the entire loan has been repaid. The Company had entered into an interest rate swap converting the floating rate to fixed rate of interest. [Refer Note 28]

### 12.(b) Current borrowings

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Current maturities of long-term borrowings [refer note 12(a)] | 8,862 | 9,415 |
| | **8,862** | **9,415** |

## 13. Provisions

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **(a) Non-current** | | |
| Provision for employee benefits | | |
| Gratuity [Refer Note 27] | 18 | 9 |
| | **18** | **9** |
| **(b) Current** | | |
| Provision for employee benefits | | |
| Gratuity [Refer Note 27] | 3 | 1 |
| Compensated absences | 22 | 11 |
| | **25** | **12** |

| (i) Movement in provisions | Gratuity | Compensated absences |
|---|---|---|
| Balance as at April 01, 2021 | 10 | 11 |
| Provision recognised during the year (net) | 11 | 11 |
| Balance as at March 31, 2022 | **21** | **22** |
| Balance as at April 01, 2020 | 9 | 10 |
| Provision recognised during the year (net) | 1 | 1 |
| **Balance as at March 31, 2021** | **10** | **11** |

## 14. Trade payables

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Trade payables [Refer Note 25] | | |
| Total outstanding dues of micro and small enterprises | 20 | 10 |
| Total outstanding dues of creditors other than micro and small enterprises | 3,851 | 1,957 |
| | **3,871** | **1,967** |

### (a) Trade payables Ageing Schedule

| As at 31 March 2022 | | | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Total outstanding dues of micro enterprises and small enterprises | - | 16 | 4 | -* | -* | -* | 20 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 942 | 811 | 2,064 | 20 | 6 | 8 | 3,851 |
| **Total** | **942** | **827** | **2,068** | **20** | **6** | **8** | **3,871** |

| As at 31 March 2021 | | | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Total outstanding dues of micro enterprises and small enterprises | | 7 | 3 | - | | - | 10 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 282 | 94 | 1,173 | 174 | 234 | - | 1,957 |
| **Total** | **282** | **101** | **1,176** | **174** | **234** | **-** | **1,967** |

*Amounts are not presented since the amounts are rounded off to Rupees million.

### (b) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006

| | | | |
|---|---|---|---|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| | Principal amount due to micro and small enterprises | 20 | 10 |
| | Interest due on the above | - | -* |
| (ii) | The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | 26 | 59 |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | -* | -* |
| (iv) | Interest due and payable for the period of delay in making payment during the year | - | - |
| (v) | The amount of interest accrued and remaining un-paid at the end of each accounting year | - | - |
| (vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006 | 2 | 2 |

(a) The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers.

(c) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

*Amounts are not presented since the amounts are rounded off to Rupees million.

## 15. Other financial liabilities

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **(a) Current** | | |
| Payables for capital goods | 35 | 381 |
| Fair value of hedging instruments | 6 | 12 |
| | **41** | **393** |

## 16. Other current liabilities

| | | |
|---|---|---|
| Advances from customer | 6 | - |
| Statutory taxes and dues payable | 25 | 42 |
| Deferred revenues | 15 | - |
| | **46** | **42** |

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## 17. Revenue from operations

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Sale of products | | |
| Finished goods | 1,600 | 177 |
| Traded goods | 4,396 | 1,357 |
| Other operating revenue | | |
| Others [refer note a] | 70 | 450 |
| | **6,066** | **1,984** |

(a) Amount for the year ended March 31, 2021 includes capacity reservation fee cross charged to Holding Company

### 17.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

**Revenues By Geography**

| | | |
|---|---|---|
| India | 169 | 204 |
| United States of America | 5,827 | 1,330 |
| | **5,996** | **1,534** |
| Revenue from other sources | 70 | 450 |
| Other operating revenue | **70** | **450** |
| **Total revenue from operations** | **6,066** | **1,984** |

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

### 17.2 Changes in contract liabilities:

| | | |
|---|---|---|
| **Balance at the beginning of the year** | - | - |
| Add:- Increase due to invoicing during the year | 21 | - |
| Less:- Amount recognised as revenue/other adjustments during the year | - | - |
| **Balance at the end of the year** | **21** | **-** |
| Expected revenue recognisation from remaining performance obligations: | | |
| - within one year | 21 | - |
| - More than one year | - | - |
| | **21** | **-** |

### 17.3 Contract balances

| | | |
|---|---|---|
| Trade receivables (including unbilled revenue) | 1,854 | 449 |
| Contract liabilities | 21 | - |

Trade receivables are non-interest bearing.

Contract liabilities include deferred revenue and advance from customers.

### 17.3 Performance obligation:

In relation to information about Company's performance obligations in contracts with customers [refer note 2(i)].

## 18. Other income

| | Year ended March 31, 2022 | Year ended March 31, 20221 |
|---|---|---|
| **Interest Income** | | |
| Deposits with banks and financial institutions | 182 | 13 |
| Others | -* | 15 |
| Foreign exchange gain (net) | 62 | - |
| Net gain on sale of current investments | 3 | - |
| Net gain on financial assets measured at fair value through profit or loss | -* | - |
| Other non-operating Income | 1 | - |
| | **248** | **28** |

*Amounts are not presented since the amounts are rounded off to Rupees million.

## 19. Cost of materials consumed

| | | |
|---|---|---|
| Inventory at the beginning of the year | 82 | -* |
| Add: Purchases | 507 | 312 |
| Less: Inventory at the end of the year | (111) | (82) |
| Cost of materials consumed | **478** | **230** |

*Amounts are not presented since the amounts are rounded off to Rupees million.

## 20. Changes in inventories of stock-in-trade, finished goods and work-in-progress

| | | |
|---|---|---|
| Inventory at the beginning of the year | | |
| Finished goods and Stock- in- trade | 45 | 8 |
| Work-in-progress | 1 | 6 |
| | **46** | **14** |
| Inventory at the end of the year | | |
| Finished goods and Stock- in- trade | 111 | 45 |
| Work-in-progress | 2 | 1 |
| | **113** | **46** |
| | **(67)** | **(32)** |

## 21. Employee benefits expense

| | | |
|---|---|---|
| Salaries, wages and bonus | 532 | 365 |
| Contribution to provident and other funds | 23 | 15 |
| Gratuity [Refer Note 27] | 3 | 3 |
| Employee stock compensation expense [Refer Note 33] | 25 | 4 |
| Staff welfare expenses | 19 | 11 |
| | **602** | **398** |

## 22. Finance cost

| | | |
|---|---|---|
| Interest expense on financial liability measured at amortised cost | 12 | 125 |
| Interest on lease liabilities [Refer Note 30] | 5 | 5 |
| | **17** | **130** |

## 23. Depreciation and amortisation expense

| | Year ended March 31, 2022 | Year ended March 31, 20221 |
|---|---|---|
| Depreciation of Property, plant and equipment [Refer Note 3] | 267 | 259 |
| Amortisation of intangible assets [Refer Note 4 (b)] | 44 | 3 |
| Depreciation of right-of-use-assets [Refer Note 4 (a)] | 11 | 11 |
| | **322** | **273** |

## 24. Other expenses

| | Year ended March 31, 2022 | Year ended March 31, 20221 |
|---|---|---|
| Travelling and conveyance | 3 | 2 |
| Professional charges [Refer note (a) below] | 156 | 25 |
| Power and fuel | 121 | 97 |
| Insurance | 5 | 6 |
| Rates, taxes and fees | 44 | 32 |
| Repairs and maintenance | | |
| Plant and machinery | 38 | 28 |
| Buildings | 7 | 5 |
| Others | 11 | 10 |
| Selling expenses | | |
| Freight outwards and clearing charges | 12 | 10 |
| Commission and brokerage | - | 14 |
| Profit Share Expense | 8 | - |
| Lab consumables | 162 | 79 |
| Research and development expenses | 1,555 | 967 |
| Printing and stationery | 2 | 2 |
| Foreign exchange fluctuation, net | - | 18 |
| Miscellaneous expenses | 1 | 1 |
| | **2,125** | **1,296** |
| **(a) Payments to auditors:** | | |
| As auditor: | | |
| Statutory audit fee | 1 | 1 |
| Tax Audit fee | -* | -* |
| In other capacity: | | |
| Other services (certification fees) | -* | -* |
| Reimbursement of out-of-pocket expenses | -* | -* |
| | **1** | **1** |

*Amounts are not presented since the amounts are rounded off to Rupees million.

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## 25. Related Party Disclosures:

**The following table provides the value of transactions that have been entered into with related parties for the relevant financial year:**

| Sl No | Name of related party | Relationship | Description | For the year ended March 31, 2022 Expenses / (Income) / Other Transaction | March 31, 2022 Payables/ (Receivables) | For the year ended March 31, 2021 Expenses / (Income) / Other Transaction | March 31, 2021 Payables/ (Receivables) |
|---|---|---|---|---|---|---|---|
| 1 | Biocon Limited | Holding Company | Issue in preference shares | - | - | 5,969 | - |
| | | | Cross charges towards other expenses | 207 | - | 338 | - |
| | | | Trade and other payables | - | 2,868 | - | 1,893 |
| | | | Trade recievable | - | (39) | - | - |
| | | | Capacity reservation fee | - | - | (450) | - |
| | | | Settlement Income transferred | 370 | - | - | - |
| | | | Loan from Holding Company [refer note (a)] | - | - | (1,567) | - |
| | | | Power and facility charges recovered | 127 | - | 97 | - |
| | | | Purchase of goods | 1,949 | - | 646 | - |
| | | | Payment for leases | 15 | - | 14 | - |
| | | | Interest on Long Term Borrowing and Preference Shares | - | - | 94 | - |
| | | | Guarantee given by related party to a bank on behalf of the company | - | - | (569) | 553 |
| | | | Acquisition of Intangible assets including under development | 12 | - | 16 | - |
| | | | Charges for issue of corporate guarantee | 2 | - | - | - |
| | | | Sale of goods | (8) | - | - | - |
| | | | Share based payments | 24 | - | 4 | - |
| | | | | | | | - |
| 2 | Biocon Pharma Ireland | Subsidiary | Investment in Equity Shares | - | - | 68 | - |
| | | | Trade payable | - | 48 | - | - |
| | | | Reimbursement of expenses | 22 | - | - | - |
| 3 | Biocon Pharma UK | Subsidiary | Reimbursement of expenses | 44 | - | - | - |
| | | | Trade payable | - | 22 | - | - |
| | | | Investment in Preference shares | 68 | - | 63 | - |
| 4 | Biocon Pharma Inc. | Subsidiary | Loan given/(repaid) to/by subsidiary | - | - | (377) | - |
| | | | Investment in Preference Shares | - | - | 361 | - |
| | | | Sale of goods | (2,087) | - | (176) | - |
| | | | Trade receivables | - | (1,064) | - | (82) |
| | | | Trade payable | - | 55 | - | - |
| | | | Interest Income | - | - | (15) | - |
| | | | Cross charges towards other expenses | 55 | - | - | - |

| Sl No | Name of related party | Relationship | Description | For the year ended March 31, 2022 Expenses / (Income) / Other Transaction | March 31, 2022 Payables/ (Receivables) | For the year ended March 31, 2021 Expenses / (Income) / Other Transaction | March 31, 2021 Payables/ (Receivables) |
|---|---|---|---|---|---|---|---|
| 5 | Biocon Pharma Malta Limited | Subsidiary | Investment in Equity Shares | - | - | -* | - |
| | | | Trade payable | - | 1 | - | - |
| | | | Reimbursement of expenses | 1 | - | - | - |
| 6 | Biocon Pharma Malta I Limited | Subsidiary | Trade payable | - | 11 | - | - |
| | | | Reimbursement of expenses | 11 | - | - | - |
| 7 | Syngene International Limited | Fellow subsidiary | Cross charges towards other expenses | 44 | - | 108 | - |
| | | | Purchase of goods | - | - | 104 | - |
| | | | Trade payable | - | 27 | - | 161 |
| 8 | Biocon Biologics Limited | Fellow subsidiary | Cross charges towards other expenses | 127 | - | 60 | - |
| | | | Purchase of goods | 123 | - | 58 | - |
| | | | Trade receivable | - | -* | - | - |
| | | | Trade payable | - | 39 | - | 9 |

(a) The Company has entered into service agreement with Biocon SEZ Developer and Biocon SEZ operating units of Biocon Limited for availing Land on lease and certain other facilities and services.

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

(i) Biocon Academy, a subsidiary of Biocon Limited

(ii) Biocon SA, a subsidiary of Biocon Limited

(iii) Biocon FZ LLC, a subsidiary of Biocon Limited

(iv) Biocon Biosphere Limited, a subsidiary of Biocon Limited

(v) Biocon Biologics UK Limited, a step down subsidiary of Biocon Limited

(vi) Biocon SDN BHD, a step down subsidiary of Biocon Limited

(vii) Biocon Biologics Healthcare Sdn Bhd, a step down subsidiary of Biocon Limited

(viii) Syngene USA Inc., a step down subsidiary of Biocon Limited

(ix) Biocon Biologics Inc, a step down subsidiary of Biocon Limited

(x) Biocon Biologics Do Brasil Ltda, a step down subsidiary of Biocon Limited

(xi) Biofusion Therapeutics Limited, a subsidiary of Biocon Limited

(xii) Biocon Biologics FZ LLC, a step down subsidiary of Biocon Limited

**(c)** The Company had obtained an unsecured loan facility from Biocon Limited at prevailing marginal cost of funds based lending rate (MCLR) to set up its manufacturing facility. The maximum amount of loan outstanding during the year was Nil (March 31, 2021 ₹ 2,392).

**(d)** On February 24, 2016, the Company obtained an external commercial borrowing of USD 20 million from a bank, carrying interest @ Libor + 1.75% per annum which has been guaranteed by Biocon Limited, the holding company. (March 31, 2022 Nil and March 31, 2021 ₹ 553).

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

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

(g) The loans from holding company is presented net of repayments due to multiple transactions. Loans taken includes loan subsequently converted into preference shares. The loan taken from holding company are for Business purposes and interest rates are at arm's length. The Loans are payables on demand.

* Amounts are not presented since the amounts are rounded off to Rupees million.

## 26. Tax expense

| | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| **(a)** | **Amount recognised in statement of profit and loss** | | |
| | Current tax | - | - |
| | Deferred tax expense / (income) related to: | | |
| | Origination and reversal of temporary differences | - | 452 |
| | **Tax expense for the year** | **-** | **452** |
| **(b)** | **Reconciliation of effective tax rate** | | |
| | Profit/(loss) before tax | **1,056** | **(807)** |
| | Tax at statutory income tax rate 34.99% (March 31, 2021- 29.12%) | 370 | (234) |
| | *Tax effects of amounts which are not deductible / (taxable) in calculating taxable income* | | |
| | Tax effect on interest of convertible preference shares | - | 39 |
| | Tax effect on losses available for offsetting against future taxable differences | (370) | 647 |
| | **Income tax expense** | **-** | **452** |
| **(c)** | **Tax losses** | | |
| | Unused tax losses for which no deferred income tax has been recognised | 1,782 | 3,024 |
| | Potential tax impact | 623 | 881 |
| | Expiry date (financial year) | 2022-23 to 2028-29 | 2021-22 to 2027-28 |

## 26. (d) Recognized deferred tax assets and liabilities

The following is the movement of deferred tax assets/liabilities presented in the balance sheet:

| For the year ended March 31, 2022 | Opening Balance | Adjusted with equity | Recognized in profit or loss | Recognized in OCI | Closing Balance |
|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | |
| Property, plant and equipment and intangible assets | 147 | - | 60 | - | 207 |
| Derivative assets | - | - | - | 7 | 7 |
| **Gross deferred tax liability** | **147** | **-** | **60** | **7** | **214** |
| | | | | | |
| **Deferred tax assets** | | | | | |
| Defined Benefit Obligation | (1) | - | - | 2 | 2 |
| Losses available for offsetting against future taxable differences | 147 | - | 60 | - | 207 |
| Derivative liability | 10 | - | - | (10) | - |
| **Gross deferred tax assets** | **157** | **-** | **60** | **(8)** | **209** |
| **Net deferred tax (liability)/ asset** | **10** | **-** | **-** | **(15)** | **(5)** |

| For the year ended March 31, 2021 | Opening Balance | Adjusted with equity | Recognized in profit or loss | Recognized in OCI | Closing Balance |
|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | |
| Convertible preference shares [refer note (a) below] | 452 | (491) | 39 | - | - |
| Property, plant and equipment and intangible assets | 147 | - | - | - | 147 |
| **Gross deferred tax liability** | **599** | **(491)** | **39** | **-** | **147** |
| | | | | | |
| **Deferred tax assets** | | | | | |
| Defined Benefit Obligation | 1 | - | (1) | - | -* |
| Losses available for offsetting against future taxable differences | 559 | - | (412) | - | 147 |
| Derivative liability | 10 | - | - | - | 10 |
| **Gross deferred tax assets** | **570** | **-** | **(413)** | **-** | **157** |
| **Net deferred tax (liability)/ asset** | **(29)** | **491** | **(452)** | **-** | **10** |

* Amounts are not presented since the amounts are rounded off to Rupees million.

(a) Deferred tax on convertible preference shares adjusted with equity component of OCRPS and accordingly deferred tax on carry forwarded losses reversed.

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## 27. Employee benefit plans

**(i)** The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under the act, employees who has completed five years of service is entitled to specific benefit. The level of benefit 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:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/liability |
|---|---|---|---|
| **Balance as on April 01, 2021** | 10 | - | 10 |
| Remeasurements: | 4 | - | 4 |
| Current service cost | 1 | - | 1 |
| **Amount recognised in Statement of profit and loss** | **5** | **-** | **5** |
| Liability Transferred In/ Acquisitions | 11 | | 11 |
| (Liability Transferred Out/ Divestments) | (6) | | (6) |
| *Remeasurements:* | | | |
| Actuarial (gain) / loss arising from: | | | |
| Demographic assumptions | -* | - | - |
| Financial assumptions | (1) | - | (1) |
| Experience adjustment | 5 | - | 5 |
| **Amount recognised in other comprehensive income** | **4** | **-** | **4** |
| Employers contribution | - | - | - |
| Benefits paid | (3) | - | (3) |
| **Balance as at March 31, 2022** | **21** | **-** | **21** |

| | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset) liability |
|---|---|---|---|
| **Balance as on April 01, 2020** | 9 | - | 9 |
| Current service cost | 2 | - | 2 |
| Interest expense / (income) | 1 | - | 1 |
| **Amount recognised in Statement of profit and loss** | **3** | **-** | **3** |
| Remeasurements: | | | |
| Actuarial (gain) / loss arising from: | | | |
| Financial assumptions | -* | - | -* |
| Experience adjustment | (1) | - | (1) |
| **Amount recognised in other comprehensive income** | **(1)** | **-** | **(1)** |
| Employers contribution | - | - | - |
| Benefits paid | (1) | - | (1) |
| **Balance as at March 31, 2021** | **10** | **-** | **10** |

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Non-current | 74 | - |
| Current | 11 | - |
| | **85** | **-** |

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

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Interest rate | 6.1% | 5.6% |
| Discount rate | 6.1% | 5.6% |
| Expected return on plan assets | 6.1% | 5.8% |
| 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 31 March 2022 - 8 years (March 31, 2021 - 9 years).

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

**(iii) Sensitivity analysis**

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis does not recognise the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

| Particulars | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (1) | 1 | (1) | 1 |
| Salary increase (1% movement) | 1 | (1) | 1 | (1) |
| Attrition rate (1% movement) | -* | -* | -* | -* |

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, 2022 | March 31, 2021 |
|---|---|---|
| 1st Following year | 2 | 1 |
| 2nd Following year | 2 | 1 |
| 3rd Following year | 2 | 1 |
| 4th Following year | 2 | 1 |
| 5th Following year | 2 | 1 |
| Years 6 to 10 | 9 | 4 |
| Years 11 and above | 14 | 7 |

**(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, 2022 | March 31, 2021 |
|---|---|---|
| Compensated absences | 22 | 11 |

## 28. Financial intruments: Fair value and risk managements

### A. Accounting classification and fair values

| | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| **March 31, 2022** | **FVTPL #** | **FVTOCI** | **Amotised Cost** | **Total** | **Level 1** | **Level 2** | **Level 3 #** | **Total** |
| **Financial assets** | | | | | | | | |
| Non-current investments | - | - | 2,023* | 2,023 | - | - | - | - |
| Current investment | 6 | - | 1,294 | 1,300 | 6 | - | - | 6 |
| Trade Receivables | - | - | 1,854 | 1,854 | - | - | - | - |
| Cash and cash equivalents | - | - | 2,090 | 2,090 | - | - | - | - |
| Other financial assets | - | 29 | 25 | 54 | - | 29 | - | 29 |
| | **6** | **29** | **7,286** | **7,321** | **6** | **29** | **-** | **35** |
| **Financial liabilities** | | | | | | | | |
| Borrowings | 8,862 | - | - | 8,862 | - | - | 8,862# | 8,862 |
| Trade payables | - | - | 3,871 | 3,871 | - | - | - | - |
| Lease liabilities | - | - | 33 | 33 | - | - | - | - |
| Other financial liabilities | - | 6 | 35 | 41 | - | 6 | - | 6 |
| | **8,862** | **6** | **3,939** | **12,807** | **-** | **6** | **8,862** | **8,868** |

| March 31, 2021 | FVTPL# | FVTOCI | Amotised Cost | Total | Level1 | Level2 | Level3# | Total |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Non-current investments | - | - | 1,629* | 1,629 | - | - | - | - |
| Current investment | 80 | - | 1,050 | 1,130 | 80 | - | - | 80 |
| Trade Receivables | - | - | 449 | 449 | - | - | - | - |
| Cash and cash equivalents | - | - | 2,458 | 2,458 | - | - | - | - |
| Other financial assets | - | 6 | 13 | 19 | - | 6 | - | 6 |
| | **80** | **6** | **5,599** | **5,685** | **80** | **6** | **-** | **86** |
| **Financial liabilities** | | | | | | | | |
| Borrowings | 8,862 | - | 553 | 9,415 | - | - | 8,862# | 8,862 |
| Trade payables | - | - | 1,967 | 1,967 | - | - | - | - |
| Derivative Liability | | - | - | - | | - | - | - |
| Lease liabilities | - | - | 43 | 43 | - | - | - | - |
| Other financial liabilities | - | 12 | 381 | 393 | - | 12 | - | 12 |
| | **8,862** | **12** | **2,944** | **11,818** | **-** | **12** | **8,862** | **8,874** |

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

(b) There have been no transfers between level 1, 2 and 3 needs to be made.

(c) The Company enters into derivative financial instruments with various counterparties. Derivatives are valued using valuation techniques in consultation with market expert. The most frequently applied valuation technique include forward pricing, swap models and Black Scholes Merton Model (for options valuation), using present value calculations. The models incorporate various inputs including foreign exchange forward rates, interest rate curve and forward rates curve.

* Investment in equity shares in subsidiaries has been accounted at cost as per Ind AS 27 "Separate Financial Statements".

# 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 isntruments 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 forward contracts of foreign currencies, 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)

| | March 31, 2022 Impact on other equity | | March 31, 2021 Impact on other equity | |
|---|---|---|---|---|
| **Significant observable inputs** | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Spot rate of the foreign currency (1% movement) | (7) | 52 | (25) | 20 |
| Interest rates (100 bps movement) | - | - | 1 | (1) |

*Derivative financial instruments*

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

| | | (in Million) |
|---|---|---|
| **Particulars** | **March 31, 2022** | **March 31, 2021** |
| Foreign exchange forward contracts to Sell | USD 40 | USD 31 |

**C. Financial risk management**

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

- Credit risk

- 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) Credit risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities and its financing activities, including deposits with banks and financial institutions and other financial instruments.

Customer credit risk is managed by each business unit subject to Company's established policy, procedures and control relating to customer credit risk management. The Audit and Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 1,854 (March 31, 2021: ₹ 449).

Refer note 9 for ageing of trade receivables.

Receivables from two customers of the Company's trade receivables is ₹ 1,554 (March 31, 2021 ₹ 292) which is more than 10 percent of the Company's total trade receivables.

Credit risk on cash and cash equivalent and derivatives is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies which are rated A1+ or AAA . Investments primarily include investment in liquid mutual fund units, bonds and non-convertible debentures.

**(iii) 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.

The Company believes that the working capital is sufficient to meet its current 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, 2022**

| Particulars | Less than 1 year | 1 - 2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 8,862 | - | - | - | 8,862 |
| Trade payables | 3,871 | - | - | - | 3,871 |
| Lease Liabilities | 15 | 12 | 12 | - | 39 |
| Other current financial liabilities | 41 | - | - | - | 41 |
| **Total** | **12,790** | **12** | **12** | **-** | **12,814** |

**March 31, 2021**

| Particulars | Less than 1 year | 1 - 2 years | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 9,415 | - | - | - | 9,415 |
| Trade payables | 1,967 | - | - | - | 1,967 |
| Lease Liabilities | 15 | 15 | 20 | 4 | 54 |
| Other current financial liabilities | 393 | - | - | - | 393 |
| **Total** | **11,790** | **15** | **20** | **4** | **11,829** |

**(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 operates internationally and a major portion of the business is transacted in several currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at March 31, 2022 and March 31, 2021 are as below:

| March 31, 2022 | USD | EUR | Others | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables | 1,818 | - | - | 1,818 |
| Cash and cash equivalents | 514 | - | - | 514 |
| **Financial liabilities** | | | | |
| Trade payables | (91) | (2) | (1) | (94) |
| Other non-current financial liabilities | | | - | - |
| Other current financial liabilities | (5) | (1) | -* | (6) |
| **Net assets / (liabilities)** | **2,236** | **(3)** | **(1)** | **2,232** |

| March 31, 2021 | USD | EUR | Others | Total |
|---|---|---|---|---|
| **Financial assets** | | | | - |
| Trade receivables | 294 | - | - | 294 |
| Cash and cash equivalents | 221 | - | - | 221 |
| Other current financial assets | 6 | - | - | 6 |
| **Financial liabilities** | | | | |
| Borrowings | (553) | - | - | (553) |
| Trade payables | (9) | (1) | -* | (10) |
| Other current financial liabilities | (13) | - | (4) | (17) |
| **Net assets / (liabilities)** | **(54)** | **(1)** | **(4)** | **(59)** |

**Sensitivity analysis**

The sensivity 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, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| **USD Sensitivity** | | | | |
| INR/USD - Increase by 1% | 22 | (1) | 15 | (25) |
| INR/USD - Decrease by 1% | (22) | 1 | 30 | 20 |
| **EUR Sensitivity** | | | | |
| INR/EUR - Increase by 1% | -* | -* | -* | -* |
| INR/EUR - Decrease by 1% | -* | -* | -* | -* |
| **Others** | | | | |
| INR/EUR - Increase by 1% | -* | -* | -* | -* |
| INR/EUR - Decrease by 1% | -* | -* | -* | -* |

*Amounts are not presented since the amounts are rounded off to Rupees million.

**Derivative financial instruments**

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Treasury team manages its foreign currency risk by hedging forecasted transactions like sales, purchases and capital expenditures. When a derivative is entered for hedging, the Company matchs the terms of those derivatives to the underlying exposure. All identified exposures are managed as per the policy duly approved by the Board of Directors.

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

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Interest rate swaps used for hedging LIBOR component in External Commercial borrowings | - | USD 8 |
| Borrowings with maturity between 0-6 years | - | (₹ 553) |

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

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2021 the Company's borrowings at variable rate were mainly denominated in USD, the same has been repaid in the current year.

**(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, 2022 | March 31, 2021 |
|---|---|---|
| Variable rate borrowings | - | - |
| Fixed rate borrowings | - | 553 |
| **Total borrowings** | **-** | **553** |

**(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, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

## 29. 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 customer confidence 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's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future periods.

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of March 31, 2022 and March 31, 2021 was as follows:

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Equity attributable to the equity shareholders of the Company | (1,067) | (2,133) |
| **Equity and reserves** | **(1,067)** | **(2,133)** |
| **As a percentage of total capital** | -14% | -29% |
| | | |
| Borrowings | - | 553 |
| Liability Component of OCRPS | 8,862 | 8,862 |
| **Total borrowings** | 8,862 | 9,415 |
| **As a percentage of total capital** | 114% | 129% |
| **Total capital (Equity and Borrowings)** | **7,795** | **7,282** |

## 30. Lease

The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto the year of 2027. Gross payments for the year aggregate to ₹ 15. (March 31, 2021: ₹ 14)

**The followings is the movement in the lease liability :**

| Particulars | Land | Buildings | Total |
|---|---|---|---|
| **Balance at the March 31, 2021** | 16 | 26 | 43 |
| Finance cost accrued during the year | 2 | 3 | 5 |
| Payment of lease liabilities | (3) | (12) | (15) |
| **Balance at the March 31, 2022** | **15** | **17** | **33** |
| | | | |
| **Balance at the March 31, 2020** | | | |
| Addition on account of adoption of Ind AS 116 | 17 | 34 | 52 |
| Finance cost accrued during the year | 2 | 3 | 5 |
| Payment of lease liabilities | (3) | (11) | (14) |
| **Balance at the March 31, 2021** | **16** | **26** | **43** |

**The following is the breakup of current and non current lease liability**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Current lease liability | 16 | 11 |
| Non current lease liability | 17 | 32 |
| | **33** | **43** |
| The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis: | | |
| Less than one year | 15 | 15 |
| One to Five years | 24 | 35 |
| More than Five years | - | 4 |
| **Total** | **39** | **54** |
| The following are the amounts recognised in the statemnet of Profit or Loss for the year ended: | | |
| Amortisation expenses on right of use-assets | 11 | 11 |
| Interest expenses on lease liabilities | 5 | 5 |
| **Total** | **16** | **16** |

## 31. 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, 2022, net of advances, is ₹ 44 (March 31, 2021:- ₹ 32).

**(ii) Contingent Liabilities:**

The company has no contingent liability as at March 31, 2022 & 2021.

## 32. Reconciliation of basic and diluted shares used in computing Earnings per share

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Earnings** | | |
| Profit/(Loss) for the year | 1,056 | (1,259) |
| Shares | | |
| Basic outstanding shares | 14,050,000 | 14,050,000 |
| Add : Weighted average shares issued during the year | - | - |
| **Weighted average shares used for computing basic and diluted EPS** | **14,050,000** | **14,050,000** |
| Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise-OCRPS | 873,000,000 | 873,000,000 |
| **Weighted average shares used for computing diluted EPS** | **887,050,000** | **887,050,000** |
| **Earnings / (loss) per equity share** | | |
| Basic (in ₹) | 75.18 | (89.60) |
| Diluted (in ₹) | 1.19 | (89.60) |

## 33. Employee stock compensation

The employees of the Company are eligible for shares under the Biocon Employee Stock Option Plan ('ESOP Plan 2000'), Biocon - Restricted Stock Units of Syngene International Limited ('RSU Plan 2015') and Biocon - Restricted Stock Units of Biocon Biologics India Limited ('RSU Plan 2019') (collectively "stock option plans") of Biocon Limited.

| Total number of options outstanding | March 31, 2022 | March 31, 2021 |
|---|---|---|
| ESOP Plan 2000 | 375,000 | 418,499 |
| RSU Plan 2015 | 9,866 | 25,970 |
| RSU Plan 2019 ^ | 167,130 | 186,120 |
| RSU Plan 2020 | 65,625 | - |
| ^ adjusted for the impact of bonus issue | | |

The Company has recorded an amount of ₹ 25 (March 31, 2021: ₹ 4 ) as cost of the above stock option plans . The Company reimburses the cost to Biocon Limited.

## 34. Ratio Analysis and its elements

| Ratio | Numerator | Denominator | March 31, 2022 | March 31, 2021 | %change | Reason for variance |
|---|---|---|---|---|---|---|
| Current ratio | Current Assets | Current Liabilities | **0.45** | 0.36 | 25.64% | Increase is due to increase in trade receivables during the current year. |
| Debt- Equity Ratio | Total Debt | Shareholder's Equity | **(8.31)** | (4.42) | 88.12% | Due to profit in the year |
| Debt Service Coverage ratio | Earnings for debt service = Net profit after taxes + Non-cash operating expenses+ Interest | Debt service = Interest & Lease Payments + Principal Repayments | **2.35** | (1.44) | -263.35% | Biocon pharma Limited earned a Net profit after tax of ₹ 1,056 for the year ended March 31, 2022 against a loss of ₹ 1,259 last year |
| Return on Equity ratio | Net Profits after taxes – Preference Dividend | Average Shareholder's Equity | **-66.03%** | 138.68% | -147.61% | Biocon pharma Limited earned a Net profit after tax of ₹ 1,056 for the year ended March 31, 2022 against a loss of ₹ 1,259 last year |
| Inventory Turnover ratio | Cost of goods sold | Average Inventory | **12.46** | 10.16 | 22.56% | - |
| Trade Receivable Turnover Ratio | Net credit sales = Revenue from operations | Average Trade Receivable | **5.27** | 8.78 | -39.99% | Due to Increase in trade receivable. |
| Trade Payable Turnover Ratio | Net credit purchases = Purchases of traded goods + Purchases of raw materials and packing materials + other expenses | Average Trade Payables | **1.51** | 1.62 | -6.61% | - |
| Net Capital Turnover Ratio | Net sales = Total sales - sales return | Average Working capital = Current assets – Current liabilities | **(0.83)** | (0.26) | 216.78% | Total sales increased in the current year |
| Net Profit ratio | Net Profit after tax | Net sales = Total sales - sales return | **17.41%** | -63.45% | -127.44% | Biocon pharma Limited earned a Net profit after tax of ₹ 1,056 for the year ended March 31, 2022 against a loss of ₹ 1,259 last year |
| Return on Capital Employed | Earnings before interest and taxes | Capital Employed = Tangible Net Worth (Total equity - Intangibles assets) + Total Borrowings - Deferred Tax Asset | **14.63%** | -9.72% | -250.55% | Biocon pharma Limited earned a Net profit after tax of ₹ 1,056 for the year ended March 31, 2022 against a loss of ₹ 1,259 last year |
| Return on Investment | Interest income on deposits + Net gain on mutual funds | Average Investment in deposits and mutual funds | **5.47%** | 1.29% | 325.48% | Increase due to higher yields on treasury investments. |

## 35. Other Statutory Information

(i) 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).

(ii) 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.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

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

(v) The Company is not declared as wilful defaulter by any bank or financial institution or government or any government authority.

**36.** 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.

**37.** 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 finalising various estimates in relation to its financial statement captions upto 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 India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

**38.** 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
April 28, 2022

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

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

**Siddharth Mittal**
*Director*

**Indranil Sen**
*Chief Financial Officer*

**Mayank Verma**
*Company Secretary*

Bengaluru
April 28, 2022