Independent Auditor's Report

To the Members of
Biofusion Therapeutics Limited

Report on the Audit of the Financial Statements

We have audited the financial statements of Biofusion Therapeutics Limited (the "Company") which comprise the balance sheet as at 31March2023, 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 31March2023, 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

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

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

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

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

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial position.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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 35 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 35 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

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

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
ICAI UDIN:23060573BGYNDK9376

Place: Bengaluru
Date: 23 May 2023

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

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

(i) (a) (A) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any property, plant and equipment during the period. Accordingly, the requirements under paragraph 3(i)(a)(A) and 3(i)(b) of the Order are not applicable to the Company.

(B) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any intangible assets during the year. Accordingly, the requirements under paragraph 3(i)(a)(B) of the Order are not applicable to the Company.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering research services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it and services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, 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 GST and 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 Provident fund, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(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.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company.

(xiv) (a) 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.

(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 cash losses in the current and in the immediately preceding financial year.

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

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

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

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
ICAI UDIN:23060573BGYNDK9376

Place: Bengaluru
Date: 23 May 2023

Annexure B to the Independent Auditor's Report on the financial statements of Biofusion Therapeutics Limited for the year ended 31 March 2023

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

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

Opinion

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

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

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
ICAI UDIN:23060573BGYNDK9376

Place: Bengaluru
Date: 23 May 2023

Standalone Balance Sheet as at March 31, 2023

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

PARTICULARS	Note	March 31, 2023	March 31, 2022
ASSETS			
Non-current assets			
Capital work-in-progress	3	-	5,01,928
Right-of-use assets	4	-	6,09,031
Deferred tax Asset (net)	22	1,989	18,011
Total non-current assets		**1,989**	**11,28,970**
Current assets			
Financial assets			
(i) Trade receivables	5	3,401	4,01,825
(il) Cash and cash equivalents	6	13,279	62,533
(iii) Bank balances other than (ii) above	7	4,16,907	500
Other current assets	8	1,30,186	151
Total current assets		**5,63,773**	**4,65,009**
TOTAL ASSETS		**5,65,762**	**15,93,979**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9(a)	500	500
Other equity	9(b)	2,69,687	9,352
Total equity		**2,70,187**	**9,852**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10(a)	-	2,89,845
(ii) Lease liabilities	26	-	6,11,927
Provisions	11(a)	323	14,732
Total non-current liabilities		**323**	**9,16,504**
Current liabilities			
Financial liabilities			
(i) Borrowings	10(b)	-	2,22,957
(ii) Lease liabilities	26	-	43,749
(iii) Trade payables	12		
Total outstanding dues of micro and small enterprises		-	37,358
Total outstanding dues of creditors other than micro and small enterprises		1,60,975	1,17,220
(iv) Other financial liabilities	13	61,918	2,19,627
Provisions	11(b)	418	4,185
Current tax liabilities (net)		70,944	8,148
Other current liabilities	14	997	14,379
Total current liabilities		**2,95,252**	**6,67,623**
TOTAL EQUITY AND LIABILITIES		**5,65,762**	**15,93,979**

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

As per our Report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 23, 2023

For **and on behalf of the Board of Directors of Biofusion Therapeutics Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
May 23, 2023

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

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

PARTICULARS	Note	March 31, 2023	From March 18, 2021 to March 31, 2022
Income			
Revenue from operations	15	1,91,782	4,01,825
Other income	16	3,73,500	32
Total income		**5,65,282**	**4,01,857**
Expenses			
Employee benefits expense	17	76,032	1,40,961
Finance cost	18	35,222	43,287
Depreciation and amortisation expense	19	23,201	52,203
Other expenses	20	85,100	1,52,908
Total expenses		**2,19,555**	**3,89,359**
Profit before tax		**3,45,727**	**12,498**
Tax expense			
Current tax		70,363	21,157
Deferred tax		16,271	(18,011)
Total tax expense		**86,634**	**3,146**
Profit after tax		**2,59,093**	**9,352**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss		992	-
Tax effect on above		250	
(ii) Items that will be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year		**1,242**	**-**
Total comprehensive income for the year		**2,60,335**	**9,352**
Earnings per equity share			
Basic and Diluted (in ₹) [Refer Note 28]		5,181.85	187.04

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

As per our Report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 23, 2023

For **and on behalf of the Board of Directors of Biofusion Therapeutics Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
May 23, 2023

Statement of Changes In Equity

for the period ended March 31, 2023

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

A. Equity share capital	March 31, 2023	March 31, 2022
Opening balance	500	-
Issue of equity share capital	-	500
Closing balance	**500**	**500**

B. Other equity	Reserves and surplus		Total other equity
Particulars	Retained earnings	OCI	
Profit for the period	9,352	-	9,352
Total comprehensive income for the period	9,352	-	9,352
Balance as at March 31, 2022	**9,352**	**-**	**9,352**
Profit for the year	2,59,093		2,59,093
Other comprehensive income for the year		1,242	1,242
Total comprehensive income for the year	**2,59,093**	**1,242**	**2,60,335**
Balance as at March 31, 2023	**2,68,445**	**1,242**	**2,69,687**

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

As per our Report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 23, 2023

For **and on behalf of the Board of Directors of Biofusion Therapeutics Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
May 23, 2023

Standalone Statement of Cash Flows

for the year ended March 31, 2023

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

	PARTICULARS	March 31, 2023	From March 18, 2021 to March 31, 2022
I	**Cash flows from operating activities**		
	Profit for the period	2,59,093	9,352
	Adjustments to reconcile profit for the period to net cash flows		
	Realised foreign exchange loss		
	Unrealised foreign exchange loss	(6,817)	5,621
	Depreciation and amortisation expense	23,201	52,203
	Interest Income	(2,128)	(32)
	Interest expense	35,222	43,287
	Liabilities written off	(6,916)	-
	Tax expense	70,363	3,146
	Gain on sale of discontinued operations	(3,04,170)	-
	Gain on termination of lease	(55,930)	-
	Operating profit before changes in Operating assets and liabilities	**11,918**	**1,13,577**
	Movements in Operating assets and liabilities		
	(Increase)/Decrease in trade receivable	3,98,424	(4,01,825)
	Increase in other assets	(1,32,593)	(151)
	Increase/(Decrease) in trade payable, other liabilities and provisions	(19,044)	1,87,312
	Cash used in operations	**2,58,704**	**(1,01,087)**
	Income taxes paid	(7,568)	(13,009)
	Net cash flow used in operating activities	**2,51,137**	**(1,14,096)**
II	**Cash flows from investing activities**		
	Purchase of Property, plant and equipment	(15,639)	(2,88,955)
	Investment in fixed deposits	(4,16,407)	(58,000)
	Redemption/maturity of bank deposits	-	57,500
	Interest received	2,128	32
	Net cash flow used in investing activities	**(4,29,918)**	**(2,89,423)**
III	**Cash flows from financing activities**		
	Proceeds from long term borrowing	90,992	2,84,787
	Repayment of loan from holding company	(2,22,957)	2,22,957
	Proceeds from short term borrowing	1,11,596	-
	Proceeds from issue of equity share capital	-	500
	Proceeds from disposal of discontinued operation	1,92,380	-
	Interest paid	(12,832)	(927)
	Repayment of lease liabilities	(29,652)	(41,264)
	Net cash flow generated from financing activities	**1,29,527**	**4,66,052**

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

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

	PARTICULARS	March 31, 2023	From March 18, 2021 to March 31, 2022
IV	**Net increase in cash and cash equivalents (I + II+ III)**	(49,255)	62,533
V	Cash and cash equivalents at the beginning of the period	62,533	-
VI	**Cash and cash equivalents at the end of the period (IV + V)**	13,279	62,533
	Reconciliation of cash and cash equivalents as per Statement of cash flow		
	Cash and cash equivalents (Note 6)		
	Balances with banks - on current accounts	13,279	62,533
	Balance as per Statement of cash flows	**13,279**	**62,533**

Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

	Opening balance	Cash flows	Non-cash movement	Closing balance March 31, 2023
Borrowings (including current maturities)	-	(1,31,965)	1,31,965	-
Interest accured	-	(12,832)	12,832	-
	-	**(1,44,797)**	**1,44,797**	**-**

(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
May 23, 2023

For **and on behalf of the Board of Directors of Biofusion Therapeutics Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
May 23, 2023

Notes to the standalone financial statements

for the year ended March 31, 2023

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

1. Company Overview

1.1 Reporting entity

Biofusion Therapeutics Limited ("the Company") was incorporated in India on March 18, 2021, 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 is engaged in providing research services.

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.

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 thousands, 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 24 — Financial instruments
- Note 2(k) and 26 — Lease, whether an agreement contains a lease
- Note 23 — measurement of defined benefit obligation; key actuarial assumptions
- Note 29 — Share based payments
- Note 2(h) and 22 — Provision for income taxes and related tax contingencies and Evaluation of
- Note 31 — recoverability of deferred tax assets

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(d)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts;

— Note 22 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 23 – measurement of defined benefit obligation; key actuarial assumptions;

Notes to the financial statements for the year ended March 31, 2023

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

- Note 24 – impairment of financial assets; and
- Note 11(a), 11(b) and 23 – 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 categorised 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

Notes to the financial statements for the year ended March 31, 2023

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

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
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 of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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 derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Notes to the financial statements for the year ended March 31, 2023

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

The Company also derecognises 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. 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

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

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

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

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

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

c. 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).

d. 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

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

Notes to the financial statements for the year ended March 31, 2023

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

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

e. 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 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 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.

Notes to the financial statements for the year ended March 31, 2023

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

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.

f. 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.

g. Revenue from contracts with customers

i. Sale of services

The Company derives revenues primarily from Contract research services. Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

Arrangement with customers for Contract research services income is based on Cost plus mark up.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

ii. Interest income and expense

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

h. 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.

i. 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.

Notes to the financial statements for the year ended March 31, 2023

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

j. 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.

k. 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.

l. 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.

m. Recent accounting developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2023, as below:

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

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

Notes to the financial statements for the year ended March 31, 2023

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

3. Capital work in progress ageing schedule

Particulars	March 31, 2023	March 31, 2022
Opening Balance	5,01,928	-
Additions	-	5,01,928
Transferred on slump sale (refer note 32)	(5,01,928)	-
Closing Balance	**-**	**5,01,928**

(i). Capital work in progress (CWIP) Ageing Schedule

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	5,01,928	-	-	-	5,01,928
Projects temporarily suspended	-	-	-	-	-
Total	**5,01,928**	**-**	**-**	**-**	**5,01,928**

(ii) There are no capital work-in-process whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2023 and March 31, 2022.

4. Right-of-Use-assets

Particulars	March 31, 2022 Buildings
Gross carrying amount	
Opening balance	-
Additions	6,61,234
At March 31, 2022	**6,61,234**
Additions	-
Disposals (refer note 32)	(6,61,234)
At March 31, 2023	**-**
Accumulated Depreciation	
Opening balance	-
Depreciation for the period	52,203
At March 31, 2022	**52,203**
Depreciation for the year	23,201
Disposals (refer note 32)	(75,404)
At March 31, 2023	**-**
Net carrying amount	
At March 31, 2022	**6,09,031**
At March 31, 2023	**-**

Notes to the financial statements for the year ended March 31, 2023

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

5. Trade receivables

	March 31, 2023	March 31, 2022
Trade receivables considered good - Unsecured [Refer Note 21]	3,401	4,01,825
	3,401	**4,01,825**

(i) Trade receivables Ageing Schedule

As at 31 March 2023	Unbilled	Not due	Outstanding for following periods from due date of payment: Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables - considered good	-	-	3,401	-	-	-	-	3,401
Total	-	-	3,401	-	-	-	-	3,401

As at 31 March 2022	Unbilled	Not due	Outstanding for following periods from due date of payment: Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables - considered good	4,01,825	-	-	-	-	-	-	4,01,825
Total	**4,01,825**	**-**	**-**	**-**	**-**	**-**	**-**	**4,01,825**

(ii) The Company's exposure to credit and currency risk, and loss allowances are disclosed in Note 24

6. Cash and cash equivalents

	March 31, 2023	March 31, 2022
Balances with banks:		
On current accounts	13,279	62,533
	13,279	**62,533**

7. Other bank balances

	March 31, 2023	March 31, 2022
Deposits with maturity of less than 12 months	4,16,907	500
	4,16,907	**500**

8. Other current assets

	March 31, 2023	March 31, 2022
Advance to suppliers	15	151
Other assets	1,24,800	-
Other receivables (refer Note 21)	5,371	-
	1,30,186	**151**

9 (a). Share capital

	March 31, 2023	March 31, 2022
Authorized share capital		
150,000 equity shares of ₹ 10 each	**1,500**	**1,500**
Issued, subscribed and fully paid-up		
50,000 equity shares of ₹ 10 each	**500**	**500**

Notes to the financial statements for the year ended March 31, 2023

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

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

Equity shares	March 31, 2023		March 31, 2022	
	No. of shares	₹	No. of shares	₹
At the beginning of the period	50,000	500	-	-
Equity Share Capital issued during the period	-	-	50,000	500
Outstanding at the end of the period	**50,000**	**500**	**50,000**	**500**

(ii) Terms/ rights attached to 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.

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

Equity shares	March 31, 2023		March 31, 2022	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid				
Biocon Limited, the Holding Company (including shares held through nominees)	**50,000**	**100.00%**	50,000	100.00%

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

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

(iv) Details of shares held by promoters

March 31, 2023

	No. of shares at the end of the period	% of Total Shares	% change during the period
Biocon Limited, the Holding Company (including shares held through nominees)	50,000	100%	100%
Total	**50,000**	**100%**	**100%**

March 31, 2022

	No. of shares at the end of the period	% of Total Shares	% change during the period
Biocon Limited, the Holding Company (including shares held through nominees)	50,000	100%	100%
Total	**50,000**	**100%**	**100%**

9 (b). Other equity

Retained earnings

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

Notes to the financial statements for the year ended March 31, 2023

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

10. Borrowings

	March 31, 2023	March 31, 2022
(a) Non current		
Loans from banks (Secured)		
Term loan [Refer Note (a) below]	-	2,89,845
	-	**2,89,845**
(b) current		
Loan from holding Company [Refer Note 21]	-	2,22,957
	-	**2,22,957**

(a) On October 5, 2021, the Company had obtained an FCNR loan (Foreign Currency Non Resident) of USD 5.5 million from a bank, carrying interest @ SOFR + 228 bps per annum. The loan was payable in 8 equal quarterly instalments commencing from December 14, 2024. The loan is secured by first priority pari passu charge on the plant and machinery of the facility. Further, the loan was guaranteed by Biocon Limited, the Holding Company.

Pursuant to transfer of business on slump sale basis, as more fully described in note 32, the above loan was transferred to-Syngene International Limited effective August 1, 2022.

11. Provisions

	March 31, 2023	March 31, 2022
(a) Non-current		
Gratuity [Refer Note 23]	323	6,907
Compensated absences	-	7,825
	323	**14,732**
(b) Current		
Gratuity [Refer Note 23]	102	1,715
Compensated absences	316	2,470
	418	**4,185**

12. Trade payables

	March 31, 2023	March 31, 2022
Trade payables		
Total outstanding dues of micro and small enterprises [Refer Note (a) below]	-	37,358
Total outstanding dues of creditors other than micro and small enterprises*	1,60,975	1,17,220
	1,60,976	**1,54,578**

*Includes dues to related parties [Refer Note 21]

(a) Trade payables Ageing Schedule

As at 31 March 2023	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	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	1,38,736	22,239	-	-	-	1,60,975
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
	-	**1,38,736**	**22,239**	**-**	**-**	**-**	**1,60,975**

Notes to the financial statements for the year ended March 31, 2023

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

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	-	9,086	28,272	-	-	-	37,358
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,952	49,550	60,718	-	-	-	1,17,220
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
	6,952	**58,636**	**88,990**	**-**	**-**	**-**	**1,54,578**

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

		March 31, 2023	March 31, 2022
(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	-	37,358
	Interest due on the above	-	744
(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		
(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	-	721
(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	-	1,465

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 24.

13. Other financial liabilities

	March 31, 2023	March 31, 2022
Current		
Payables for capital goods*	61,918	2,12,974
Interest accrued but not due*	-	6,653
	61,918	**2,19,627**

*Includes dues to related parties [Refer Note 21]

14. Other current liabilities

	March 31, 2023	March 31, 2022
Statutory taxes and dues payable	1,027	14,379
	1,027	**14,379**

Notes to the financial statements for the year ended March 31, 2023

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

15. Revenue from operations

	March 31, 2023	From March 18, 2021 to March 31, 2022
Sale of services	1,91,782	4,01,825
	1,91,782	**4,01,825**

15.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Revenues By Geography		
United States of America	1,88,233	4,01,825
India	3,549	-
Total revenue from operations	**1,91,782**	**4,01,825**
Geographical revenue is allocated based on the location of the customers.		

15.2 Contract balances

Trade receivables including unbilled	**3,401**	**4,01,825**
Trade receivables are non-interest bearing.		

16. Other Income

	March 31, 2023	From March 18, 2021 to March 31, 2022
Interest Income		
Deposits with banks and financial institutions	2,128	32
Foreign exchange gain (net)	4,356	-
Gain on slump sale (refer note 32)	3,04,170	-
Gain on termination of lease (refer note 26)	55,930	-
Liabilities written back	6,916	-
	3,73,500	**32**

17. Employee benefits expense

	March 31, 2023	From March 18, 2021 to March 31, 2022
Salaries, wages and bonus	69,635	1,27,517
Contribution to provident and other funds	4,490	4,096
Gratuity [Refer Note 23]	874	8,622
Employee stock compensation expense	914	497
Staff welfare expenses	119	229
	76,032	**1,40,961**

18. Finance cost

	March 31, 2023	From March 18, 2021 to March 31, 2022
Interest expense on financial liability measured at amortised cost	19,485	7,580
Interest on lease liabilities [Refer Note 26]	15,737	35,707
	35,222	**43,287**

Notes to the financial statements for the year ended March 31, 2023

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

19. Depreciation and amortisation expense

	March 31, 2023	From March 18, 2021 to March 31, 2022
Depreciation of right-of-use-assets [Refer Note 26]	23,201	52,203
	23,201	**52,203**

20. Other expenses

	March 31, 2023	From March 18, 2021 to March 31, 2022
Communication expenses	400	952
Rent (refer Note 32)	124	-
Travelling and conveyance	1,445	2,667
Professional charges [includes payments to auditors Refer note (a) below]	4,594	17,116
Repairs and maintenance		
Plant and machinery	-	4,233
Buildings	3,067	4,824
Lab consumables	34,636	94,125
Research and development expenses	38,816	22,409
Printing and stationery	187	19
Foreign exchange fluctuation, net	-	5,923
Miscellaneous expenses	1,831	640
	85,100	**1,52,908**
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	250	450
Tax audit fee	50	150
	300	**600**

21. Related Party Disclosures:

List of related parties:

Particulars	Nature of relationship
Key management personnel	
Kiran Mazumdar Shaw	Director
Siddharth Mittal	Director
John Mccallum Marshall Shaw	Director
Related Parties	
Biocon Limited	Holding Company
Syngene International Limited	Subsidiary of Biocon Limited
Biocon Biologics Limited	Subsidiary of Biocon Limited
Bicara Therapeutics Inc.	Associate of Biocon Limited

Notes to the financial statements for the year ended March 31, 2023

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

The Company has the following related parties transactions

Particulars	Transactions / Balances	March 31, 2023	From March 18, 2021 to March 31, 2022
Biocon Limited	Cross charges towards other expenses	1,719	30,018
	Share based payments	1,400	497
	Loan received	-	2,22,957
	Loan repaid	2,22,957	
	Interest on loan	16,231	6,141
	Charges for guarantee	-	289
	Guarantee given by Holding Company to a bank on behalf of the Company	-	2,89,849
	Cross charge of Capital Work in Progress	-	84,902
	Rent	186	-
	Outstanding as at the year end		
	- Trade payables	(17,138)	(27,769)
	- Payable for capital goods	-	(84,902)
	- Payable for interest accrued	-	(5,499)
	- Loan from Holding Company [refer note (a) below]	-	(2,22,957)
Syngene International Limited	Cross charges towards other expenses	5,370	46,027
	Rent	29,652	
	Consideration towards transfer of business on slump sale (refer note 32)	1,92,380	-
	Outstanding as at the year end		
	- Other receivables	5,370	-
	- Trade payables	-	(41,424)
Biocon Biologics Limited	Cross charge of Capital Work in Progress	-	61,918
	Cross charges towards other expenses	-	8,052
	Outstanding as at the year end		
	- Trade payables	(8,052)	(8,052)
	- Payable for capital goods	(61,918)	(61,918)
Biocon Pharma Limited	Cross charges towards Research and development by the Company	2,277	-
	Reimbursement of expenses on behalf of the Company	5,839	-
	Outstanding as at the year end		
	- Trade receivables	2,277	-
	- Trade payables	(5,839)	-
Bicara Therapeutics Inc.	Sale of services	1,89,505	4,01,825
	Outstanding as at the year end		
	- Trade receivable	-	4,01,825

Notes to the financial statements for the year ended March 31, 2023

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

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 Pharma Inc., a step down subsidiary of Biocon Limited

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

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

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

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

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

(x) Biocon Biologics Inc. USA, a step down subsidiary of Biocon Limited

(xi) Biocon Pharma UK Limited, a step down subsidiary of Biocon Limited

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

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

(xiv) Biocon Pharma Malta Limited, a step down subsidiary of Biocon Limited

(xv) Biocon Pharma Ireland Limited, a step down subsidiary of Biocon Limited

(xvi) Biocon Pharma Malta I Limited, a step down subsidiary of Biocon Limited

(xvii) Syngene Manufacturing Solutions Limited, a step down subsidiary of Biocon Limited

(xviii) Syngene Scientific Solutions Limited, a step down subsidiary of Biocon Limited

(xix) Biosimilar Collaborations Ireland Limited, a step down subsidiary of Biocon Limited

(xx) Biosimilars Newco Limited, a step down subsidiary of Biocon Limited

(a) The Company had obtained an unsecured loan facility from Biocon Limited, Holding Company carrying interest @ 7.2 % per annum for working capital purpose, repayable on demand. The maximum amount of loan outstanding during the period April 1, 2022 to March 31, 2023 was ₹ 22,957. The said loan was repaid by the Company along with corresponding accrued interest during the year ended March 31, 2023.

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

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

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Notes to the financial statements for the year ended March 31, 2023

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

22. Tax expense

		March 31, 2023	From March 18, 2021 to March 31, 2022
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	70,363	21,157
	Deferred tax expense/(income) related to:		
	Origination and reversal of temporary differences	16,271	(18,011)
	Tax expense for the period	**86,634**	**3,146**
(b)	**Reconciliation of effective tax rate**		
	Profit before tax	3,45,727	12,498
	Tax at statutory income tax rate 25.17%	87,019	3,146
	Tax effects of amounts which are not deductible/(taxable) in calculating taxable income	(385)	-
	Income tax expense	**86,634**	**3,146**

(c) Recognised deferred tax assets

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

For the period ended March 31, 2023	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax assets				
Defined benefit obligations	2,170	(2,483)	250	(63)
Lease of Building	11,740	(11,740)	-	-
Other disallowable expenses	4,101	(2,049)	-	2,052
Deferred tax assets	18,011	(16,272)	250	1,989

For the period ended March 31, 2022	Opening	Recognised in profit or loss	Recognised in OCI	Closing Balance
Deferred tax assets				
Defined benefit obligations	-	2,170	-	2,170
Lease of Building	-	11,740	-	11,740
Other disallowable expenses	-	4,101	-	4,101
Deferred tax assets	**-**	**18,011**	**-**	**18,011**

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Notes to the financial statements for the year ended March 31, 2023

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

23. 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	March 31, 2023	From March 18, 2021 to March 31, 2022
Balance as the beginning	8,622	-
Current service cost	615	8,134
Interest expense / (income)	259	488
Amount recognised in Statement of profit and loss	**874**	**8,622**
Remeasurements:		
Actuarial (gain) / loss arising from:		
Demographic assumptions	-	-
Financial assumptions	(22)	-
Experience adjustment	(971)	-
Amount recognised in other comprehensive income	**(993)**	**-**
Employers contribution	-	-
Benefits paid	-	-
(Liability transferred out)	(8,078)	
Closing balance	**426**	**8,622**

	March 31, 2023	March 31, 2022
Current	102	1,715
Non current	323	6,907
	426	8,622

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

	March 31, 2023	March 31, 2022
Interest rate	7.3%	5.7%
Discount rate	7.3%	5.7%
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	25.0%
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 is 4 years (March 31, 2022: 4 years).

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

Notes to the financial statements for the year ended March 31, 2023

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

(iii) Sensitivity analysis

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

Particulars	March 31, 2023		March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(12)	13	(261)	281
Salary Increase (1% change)	13	(12)	269	(256)
Attrition rate (1% change)	(1)	1	(75)	79

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

Maturity profile of defined benefit obligation

Particulars	March 31, 2023	March 31, 2022
1st Following year	102	1,715
2nd Following year	83	1,460
3rd Following year	68	1,323
4th Following year	55	1,524
5th Following year	45	884
Years 6 to 10	128	2,677
Years 11 and above	67	956

(iv) Risk Exposure:

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

a) Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

b) Interest rate risk: A decrease in bond interest rate will increase the plan liability.

c) Longevity risk: The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability.

d) Salary risk: Higher than expected increase in salary will increase the defined benefit obligation.

(v) Other Long term benefits

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

Particulars	March 31, 2023	March 31, 2022
Current	316	2,470
Non current	-	7,825
	316	**10,295**

Notes to the financial statements for the year ended March 31, 2023

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

24. Financial intruments: Fair value and risk managements

A. Accounting classification and fair values

March 31, 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade Receivables	-	-	3,401	3,401	-	-	-	-
Cash and cash equivalents	-	-	13,279	13,279	-	-	-	-
Bank balances other than above	-	-	4,16,907	4,16,907	-	-	-	-
	-	**-**	**4,33,588**	**4,33,588**	**-**	**-**	**-**	**-**
Financial liabilities								
Trade payables	-	-	1,60,975	1,60,975	-	-	-	-
Other financial liabilities	-	-	61,918	61,918	-	-	-	-
	-	**-**	**2,22,893**	**2,22,893**	**-**	**-**	**-**	**-**

March 31, 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade Receivables	-	-	4,01,825	4,01,825	-	-	-	-
Cash and cash equivalents	-	-	62,533	62,533	-	-	-	-
Bank balances other than above	-	-	500	500	-	-	-	-
	-	**-**	**4,64,858**	**4,64,858**	**-**	**-**	**-**	**-**
Financial liabilities								
Borrowings	-	-	5,12,803	5,12,803	-	-	-	-
Trade payables	-	-	1,54,578	1,54,578	-	-	-	-
Lease liabilities	-	-	6,55,676	6,55,676	-	-	-	-
Other financial liabilities	-	-	2,19,627	2,19,627	-	-	-	-
	-	**-**	**15,42,683**	**15,42,683**	**-**	**-**	**-**	**-**

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

B. 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 (primarily trade receivables) and its financing activities, including deposits with banks and financial institutions.

Notes to the financial statements for the year ended March 31, 2023

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

Receivables from one customers of the Company's trade receivables is ₹ Nil (March 31, 2022: ₹ 401,825) which is more than 10 percent of the Company's total trade receivables. The Company has no significant class of financial assets that is past but not impaired.

Credit risk on cash and cash equivalent is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

(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. As at March 31, 2023, the Company does not maintain any line of credit (March 31, 2022: Company had unsecured loan facility from Holding Company carrying interest rate of 7.2% p.a.)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2023 and March 31, 2022:

March 31, 2023:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Trade payables	1,60,975	-	-	-	1,60,975
Other financial liabilities	61,918	-	-	-	61,918
Total	**2,22,893**	**-**	**-**	**-**	**2,22,893**

March 31, 2022:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	2,22,957		2,89,845	-	5,12,802
Trade payables	1,54,578	-	-	-	1,54,578
Lease Liabilities	90,958	93,686	2,98,262	4,41,141	9,24,047
Other financial liabilities	2,19,627	-	-	-	2,19,627
Total	**6,88,120**	**93,686**	**5,88,107**	**4,41,141**	**18,11,054**

(v) 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.

Notes to the financial statements for the year ended March 31, 2023

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

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

March 31, 2023	USD	EUR	Others	Total
Financial assets				
Trade receivables	-	-	-	-
Financial liabilities				
Borrowings	-	-	-	-
Trade payables	1,39,000	-	-	1,39,000
Other financial liabilities	-	-	-	-
Net assets / (liabilities)	**1,39,000**	**-**	**-**	**1,39,000**

March 31, 2022	USD	EUR	Others	Total
Financial assets				
Trade receivables	4,01,825	-	-	4,01,825
Financial liabilities				
Borrowings	(2,89,845)	-	-	(2,89,845)
Trade payables	(9,583)	(10,529)	(901)	(21,013)
Other financial liabilities	(11,088)	(28,289)	(4,338)	(43,715)
Net assets / (liabilities)	**91,309**	**(38,818)**	**(5,239)**	**47,252**

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 for the year ended March 31, 2023 is given below.

Particulars	Impact on profit or loss March 31, 2023	Impact on other components of equity March 31, 2023
USD Sensitivity		
INR/USD - Increase by 1%	1,390	1,390
INR/USD - Decrease by 1%	(1,390)	(1,390)

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2023 and March 31, 2022, the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2023	March 31, 2022
Variable rate borrowings	-	2,89,845
Fixed rate borrowings	-	2,22,957
Total borrowings	**-**	**5,12,802**

(b) Sensitivity

The sensivity of profit or loss due to changes in interest rate arises mainly due to based on SOFR and the impact on other components of equity. The Company does not have material interest rate exposure for the year ended March 31, 2023.

Notes to the financial statements for the year ended March 31, 2023

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

25. 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, 2023 and March 31, 2022 is as follows:

Particulars	March 31, 2023	March 31, 2022
Equity attributable to the equity shareholders of the Company	2,70,187	9,852
Equity and reserves	**2,70,187**	**9,852**
As a percentage of total capital	100%	2%
Borrowings	-	**5,12,802**
Total borrowings	-	5,12,802
As a percentage of total capital		98%
Total capital (Equity and Borrowings)	**2,70,187**	**5,22,654**

26. Lease

During the period ended March 31, 2022, the Company had entered into lease agreements for use of buildings, with lease term expiring in 2031. The gross payments for the said period aggregated to ₹ 41,264.

Pursuant to business transfer, as more fully described in note 32, the Company terminated the said lease effective August 1, 2023. Gain on termination of the lease amounting to ₹ 55,930 was recorded as other income in the financial statements for the year ended March 31, 2023.

The followings is the movement in the lease liability :

Particulars	Buildings	Total
Opening balance	-	-
Addition during the period	6,61,234	6,61,234
Finance cost accrued during the period	35,707	35,707
Payment of lease liabilities	(41,264)	(41,264)
Balance at the March 31, 2022	**6,55,676**	**6,55,676**
Addition during the year	-	-
Finance cost accrued during the year	15,737	15,737
Payment of lease liabilities	(29,652)	(29,652)
Termination of lease (refer above)	(6,41,761)	(6,41,761)
Balance at the March 31, 2023	**-**	**-**

Notes to the financial statements for the year ended March 31, 2023

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

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

Particulars	March 31, 2023	March 31, 2022
Current lease liability	-	43,749
Non current lease liability	-	6,11,927
	-	6,55,676
The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:		
Less than one year	-	90,958
One to five years	-	3,91,948
More than five years	-	4,41,141
Total	-	9,24,047
The following are the amounts recognised in the statement of Profit or Loss for the period/ year ended:		
Depreciation expenses on right of use-assets	23,201	52,203
Interest expenses on lease liabilities	15,737	35,707
Total	**38,938**	**87,910**

27. Contingent liabilities and commitments

(i) Capital Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2023, net of advances, is ₹ Nil (March 31, 2022: ₹ 30,868).

(ii) Contingent Liabilities:

The company has no contingent liability as at March 31, 2023.

28. Earnings per share (EPS)

Particulars	March 31, 2023	March 31, 2022
Earnings		
Profit for the period	2,59,093	9,352
Shares		
Basic outstanding shares	50,000	50,000
Weighted average shares used for computing basic and diluted EPS	**50,000**	**50,000**
Earnings per share:		
Basic (in ₹)	5,181.85	187.04
Diluted (in ₹)	5,181.85	187.04

29. Employee stock compensation

The employees of the Company are eligible for shares under the Biocon Employee Stock Option Plan ('ESOP Plan 2000') 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, 2023	March 31, 2022
ESOP Plan 2000	-	1,56,000
RSU Plan 2019	-	67,305

^ adjusted for the impact of bonus issue

The Company has recorded an amount of ₹ 914 (March 31,2022 ₹ 497) as cost of the above stock option plans . The Company reimburses the cost to Biocon Limited.

Notes to the financial statements for the year ended March 31, 2023

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

31. Ratio Analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.91	0.70	174%	Repayment of short term borrowing
Debt- Equity Ratio	Total Debt	Shareholder's Equity	-	52.05	-100%	Transfer of loan liability on account of slump sale
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+ Interest	Debt service = Interest & Lease Payments + Principal Repayments	1.20	2.48	-52%	Transfer of loan liability on account of slump sale
Return on Equity	Net Profits after taxes – Preference Dividend	Shareholder's Equity	185.04%	180.68%	2%	
Inventory Turnover ratio	Cost of goods sold	Average Inventory	NA	NA	NA	
Trade Receivable Turnover Ratio	Net credit sales = Revenue from operations	Trade Receivable	0.95	2.00	-53%	Transfer of loan liability on account of slump sale
Trade Payable Turnover Ratio	Net credit purchases = Other expenses	Trade Payables	0.54	1.98	-73%	Due to decrease in purchase
Net Capital Turnover Ratio	Net sales = Revenue from operations	Working capital = Current assets – Current liabilities	0.71	(1.98)	-136%	Repayment of short term borrowing
Net Profit ratio	Net Profit	Net sales = Revenue from operations	135.10%	2.33%	5705%	Increase in net profit
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Borrowings - Deferred Tax Asset	142.04%	11.05%	1185%	Transfer of loan liability on account of slump sale
Return on Investment	Interest income on deposits	Investment in deposits	0.51%	6.40%	-92%	Due to increase in investment in Fixed deposit

Notes to the financial statements for the year ended March 31, 2023

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

32. Other Statutory Information

Effective August 1, 2022 ("Closing date"), the Company transferred its entire business to one of its fellow subsidiaries, Syngene International Limited ("SIL") on slump sale basis at a consideration of ₹ 192,380. Below are the details of assets and liabilities transferred with their respective carrying values as of the Closing date of Business Transfer Agreement ("BTA")

Particulars	August 1, 2022
Capital work-in-progress	5,17,567
Other current assets	2,661
Total assets transferred	**5,20,228**
Borrowings	4,92,433
Long term & short term provisions	9,528
Trade payables	1,18,378
Other financial liabilities	8,824
Other current liabilities	2,855
Total liabilities transferred	**6,32,019**
Net assets/ (liabilities) transferred	**(1,11,790)**

Pursuant to above, the Company has recorded gain from slump sale of ₹ 304,170 as other income in the financial statements for the year ended March 31, 2023.

33. Pursuant to the closing of the above business transfer and approval by the Board of Directors, the Company has filed a scheme for Merger with one of its fellow subsidiary, Biocon Pharma Limited ("BPL"). The said scheme is yet to receive regulatory approvals as of the date of these financial statements.

34. 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 have 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.

35. 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 Group 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 Group 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."

Notes to the financial statements for the year ended March 31, 2023

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

36. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year. The Company is required to update and put in place the information latest by the due date of filing its income tax return. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for tax.

As per our Report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 23, 2023

For **and on behalf of the Board of Directors of Biofusion Therapeutics Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Bengaluru
May 23, 2023

Siddharth Mittal
Director
DIN: 03230757