

**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2024****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

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 Group 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 Group recognises any impairment loss on the assets associated with that contract.

**I. Revenue from contracts with customers*****i. Sale of goods***

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

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

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

***Provision for chargeback, rebates and discounts***

Revenues are recorded net of provisions for variable consideration, including discounts, rebates, governmental rebate programs, price adjustments, returns, chargebacks, promotional programs and other sales allowances. Accruals for these provisions are presented in the consolidated financial statements as reductions in determining net sales and as a contra asset in accounts receivable, net (if settled via credit) and trade payables (if paid in cash).

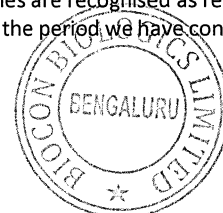
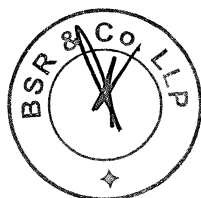
Provisions for chargeback, rebates, discounts and Medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesalers for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesalers/other customers.

Amounts recorded for revenue deductions can result from a complex series of judgements about future events and uncertainties and can rely heavily on estimates and assumptions.

***ii. Milestone payments and out licensing arrangements***

The Group enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Group recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing



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performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of Ind-AS 115 '*Revenues from Contracts with Customers*', is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will be bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.

The Group recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the Group transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Group expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

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.

**iii. Research services**

In respect of research services involving 'time and materials' contracts, research fee are recognised as services are rendered, in accordance with the terms of the contracts. The rates charged to customers are arrived at a cost plus markup basis as per the terms of the agreement with each customer.

**iv. Royalty income and profit share**

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

**v. Sales Return Allowances**

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

**vi. Dividends**

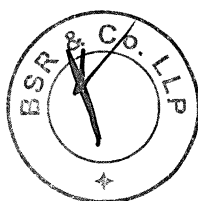
Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**vii. Contribution received from customers/co-development partners towards plant and equipment**

Contributions received from customers/co-development partners towards items of property, plant and equipment which require an obligation to supply goods to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Group capitalises the gross cost of these assets as the Group controls these assets.

**viii. Interest income and expense**

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



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2024**

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**m. Government grants**

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

**n. 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.

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 consolidated financial statements except when:

- taxable temporary differences arising on the initial recognition of goodwill;
- 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 Group 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 Group 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.

**o. 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.

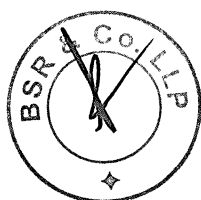
**p. Leases***(i) The Group as lessee:*

The Group 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 assess whether a contract conveys the right to control use of an identified asset, the Group assesses whether:

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

At the date of commencement of lease, the Group 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 Group 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.



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2024****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

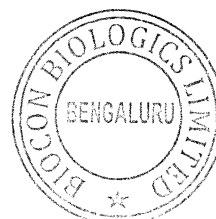
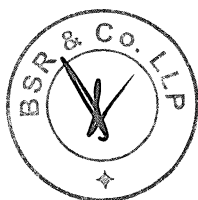
Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may 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 Group 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.

**q. Earnings per equity share**

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





**BIOCON BIOLOGICS LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2024

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

**3 (a). Property, plant and equipment and Capital work-in-progress**

	Land	Buildings	Leasehold improvements	Plant and equipment [Refer note (a)]	Research and development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
<b>Gross carrying amount</b>									
At April 01, 2022	1,368	6,919	116	26,829	2,132	359	42	37,765	23,922
Additions	-	13	2,402	11,564	251	224	21	14,475	5,295
Disposals/transfers	-	-	-	(31)	-	-	(8)	(39)	(14,475)
Other adjustments									
- Foreign currency translation adjustment	113	571	-	1,271	-	6	1	1,962	210
<b>At March 31, 2023</b>	<b>1,481</b>	<b>7,503</b>	<b>2,518</b>	<b>39,633</b>	<b>2,383</b>	<b>589</b>	<b>56</b>	<b>54,163</b>	<b>14,952</b>
Additions	-	877	168	2,134	382	79	20	3,660	7,534
Disposals/transfers	-	-	-	(33)	(39)	-	-	(72)	(3,660)
Other adjustments									
- Foreign currency translation adjustment	21	112	-	254	-	1	-	388	65
<b>At March 31, 2024</b>	<b>1,502</b>	<b>8,492</b>	<b>2,686</b>	<b>41,988</b>	<b>2,726</b>	<b>669</b>	<b>76</b>	<b>58,139</b>	<b>18,891</b>
<b>Accumulated Depreciation/ Amortisation</b>									
At April 01, 2022	-	1,374	31	10,842	1,138	192	16	13,593	-
Charge for the year	-	285	68	2,678	168	68	7	3,274	-
Disposals during the year	-	-	-	(24)	-	-	(5)	(29)	-
Other adjustments									
- Foreign currency translation adjustment	-	117	-	456	-	4	-	577	-
<b>At March 31, 2023</b>	<b>-</b>	<b>1,776</b>	<b>99</b>	<b>13,952</b>	<b>1,306</b>	<b>264</b>	<b>18</b>	<b>17,415</b>	<b>-</b>
Charge for the year	-	338	132	3,014	201	83	10	3,778	-
Disposals during the year	-	-	-	(36)	(39)	-	-	(75)	-
Other adjustments									
- Foreign currency translation adjustment	-	27	-	108	-	1	-	136	-
<b>At March 31, 2024</b>	<b>-</b>	<b>2,141</b>	<b>231</b>	<b>17,038</b>	<b>1,468</b>	<b>348</b>	<b>28</b>	<b>21,254</b>	<b>-</b>
<b>Net carrying amount</b>									
At March 31, 2023	1,481	5,727	2,419	25,681	1,077	325	38	36,748	14,952
<b>At March 31, 2024</b>	<b>1,502</b>	<b>6,351</b>	<b>2,455</b>	<b>24,950</b>	<b>1,258</b>	<b>321</b>	<b>48</b>	<b>36,885</b>	<b>18,891</b>

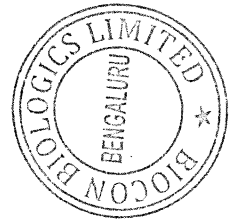
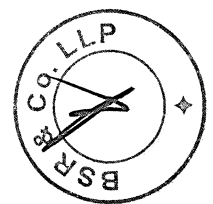
(a) Plant and equipment includes computer and office equipment.

(b) Capital work-in-progress primarily comprises of the Biologics manufacturing unit being set up in India.

(c) For details on security on certain property, plant and equipment, refer note 13.

(d) Borrowing cost capitalised during the year amounted to Rs 1,891 (March 31, 2023: Rs 1,698).

(e) Refer note 36(ii) for contractual commitments for purchase of property, plant and equipment.



**BIOCON BIOLOGICS LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2024

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

**3 (a). Property, plant and equipment and Capital work-in-progress (continued)**

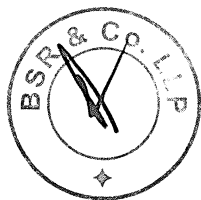
CWIP ageing schedule:

	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	6,886	3,870	2,890	5,245	18,891
As at March 31, 2024	6,886	3,870	2,890	5,245	18,891
Projects in progress	5,253	3,092	5,245	1,362	14,952
As at March 31, 2023	5,253	3,092	5,245	1,362	14,952

Capital work-in-progress ('CWIP') completion schedule (CWIP whose completion is overdue or has exceeded its cost compared to its original plan)

	To be completed in				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Projects in progress					
Project 1	2,750	-	-	-	2,750
Project 2	6,563	-	-	-	6,563
Project 3#	-	-	-	-	-
Project 4	2,892	-	-	-	2,892
As at March 31, 2024	12,205	-	-	-	12,205
Projects in progress					
Project 1	1,962	-	-	-	1,962
Project 2	-	6,269	-	-	6,269
Project 3	367	-	-	-	367
Project 4	1,275	-	-	-	1,275
As at March 31, 2023	3,604	6,269	-	-	9,873

# Project 3 was capitalised during the year ended March 31, 2024.



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**BIOCON BIOLOGICS LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2024

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

**3 (b). Right-of-use assets**

	Land	Buildings	Plant and equipment	Car	Total
<b>Gross carrying amount</b>					
At April 01, 2022	53	1,712	1,064	-	2,829
Additions	-	71	-	-	71
Disposals	-	(173)	-	-	(173)
At March 31, 2023	53	1,610	1,064	-	2,727
Additions	-	396	-	243	639
Foreign currency translation adjustment	-	2	-	1	3
At March 31, 2024	53	2,008	1,064	244	3,369
<b>Accumulated depreciation</b>					
At April 01, 2022	15	535	510	-	1,060
Depreciation for the year*	5	210	175	-	390
Disposals	-	(173)	-	-	(173)
At March 31, 2023	20	572	685	-	1,277
Depreciation for the year*	5	231	175	34	445
Foreign currency translation adjustment	-	1	-	-	1
At March 31, 2024	25	804	860	34	1,723
<b>Net carrying amount</b>					
At March 31, 2023	33	1,038	379	-	1,450
At March 31, 2024	28	1,205	204	210	1,646

\*includes Nil capitalised during the year (March 31, 2023 : Rs. 2).

**3 (c). Goodwill**

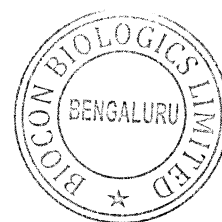
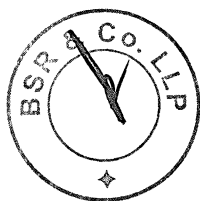
Goodwill arising upon business combination is not amortized, but tested for impairment annually or more frequently if there is any indication that the cash generating unit to which goodwill is allocated is impaired

	March 31, 2024	March 31, 2023
<b>Opening Balance</b>	161,098	-
Goodwill arising on business combination (refer note 35)	-	159,831
Adjustment during the year	69	-
Other adjustments		
- Foreign Currency translation adjustment, net	2,293	1,267
<b>Closing Balance</b>	<b>163,460</b>	<b>161,098</b>

For the purposes of impairment assessment, the Group is considered as single Cash generating unit. The recoverable amount of the above cash generating unit has been assessed using a value-in-use model. Value-in-use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit. Initially, a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. Key assumptions upon which the group has based its determinations of value-in-use include:

- Estimated cash flows for ten years, based on management's projections.
- A terminal value arrived at by extrapolating the last forecasted year cash flows to perpetuity, using growth rate ranging from 1% to 3%. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
- The post tax discount rate used is 13.74% based on the Company's weighted average cost of capital.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

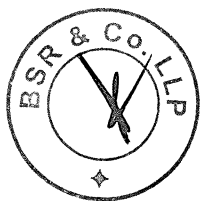


**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**
**4. Other Intangible assets**

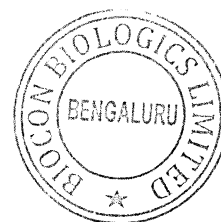
	Other Intangible assets			
	Computer software	Product related intangibles (including Licences, Brands and Patents)	Total	Intangible assets under development
<b>Gross carrying amount</b>				
At April 01, 2022	462	7,691	8,153	6,166
Additions	70	-	70	1,678
Assets acquired through Business Combination (refer note 35)	-	54,226	54,226	38,388
Impairment during the year [refer note 40 (a)]	-	-	-	(415)
Other adjustments				
- Foreign currency translation adjustment	2	1,075	1,077	646
<b>At March 31, 2023</b>	<b>534</b>	<b>62,992</b>	<b>63,526</b>	<b>46,463</b>
Additions	1,160	8,603	9,763	3,414
Impairment during the year [refer note 40(d)]	-	-	-	(3,854)
Disposal/transfer	-	(9)	(9)	(7,208)
Other adjustments				
- Foreign currency translation adjustment	1	1,098	1,099	526
<b>At March 31, 2024</b>	<b>1,695</b>	<b>72,684</b>	<b>74,379</b>	<b>39,341</b>
<b>Accumulated amortisation</b>				
At April 01, 2022	176	2,473	2,649	-
Amortisation for the year	166	2,554	2,720	-
impairment during the year [refer note 40 (a)]	-	323	323	-
Other adjustments				
- Foreign currency translation adjustment	1	339	340	-
<b>At March 31, 2023</b>	<b>343</b>	<b>5,689</b>	<b>6,032</b>	<b>-</b>
Amortisation for the year	191	5,887	6,078	-
Disposal	-9	-	(9)	-
Other adjustments				
- Foreign currency translation adjustment	1	135	136	-
<b>At March 31, 2024</b>	<b>526</b>	<b>11,711</b>	<b>12,237</b>	<b>-</b>
<b>Net carrying amount</b>				
<b>At March 31, 2023</b>	<b>191</b>	<b>57,304</b>	<b>57,495</b>	<b>46,463</b>
<b>At March 31, 2024</b>	<b>1,169</b>	<b>60,973</b>	<b>62,142</b>	<b>39,341</b>

(a) Borrowing cost capitalised during the year amounted to Rs 2,136 (March 31, 2023: Rs 697).

(b) Refer note 36 (ii) for contractual commitments for purchase of intangible assets.



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Notes to consolidated financial statements for the year ended March 31, 2024

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**4. Intangible assets under development (continued)**

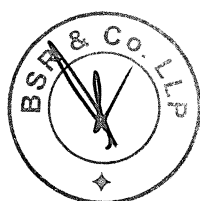
Intangible assets under development ageing schedule:

	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Projects in progress	6,703	32,509	115	14	39,341
As at March 31, 2024	6,703	32,509	115	14	39,341
Projects in progress	40,096	1,623	1,264	3,480	46,463
As at March 31, 2023	40,096	1,623	1,264	3,480	46,463

Intangible assets under development completion schedule (projects whose completion is overdue or has exceeded its cost compared to its original plan)

	To be completed in				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Projects in progress					
Project 1	-	6,835	-	-	6,835
Project 2	-	5,195	-	-	5,195
As at March 31, 2024	-	12,030	-	-	12,030
Projects in progress					
Project 1	2,749	-	-	-	2,749
As at March 31, 2023	2,749	-	-	-	2,749

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**BIOCON BIOLOGICS LIMITED**  
**Notes to consolidated financial statements for the year ended March 31, 2024**  
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

**5. Other financial assets**

**(a) Non-current**

**Unsecured, considered good**

Deposits

114 151

Contingent consideration receivable [refer note 40(b)]

750 8,993  
**864 9,144**

**(b) Current**

Interest accrued on bank deposits

- 26

Other receivables (considered good - Unsecured) from:

Others

605 461  
**605 487**

The Group's exposure of credit and currency risks, and loss allowances are disclosed in note 31.

[Also refer note 28 for details on related party transactions]

**6. Deferred tax (liabilities) / assets (net)**

**March 31, 2024 March 31, 2023**

Deferred tax liabilities (net)

(3,950) (3,713)

Deferred tax assets (net)

2,568 1,807

**Total**

**(1,382) (1,906)**

**Deferred tax liabilities**

Property, plant and equipments

(1,302) (1,406)

Other intangible assets

(4,234) (3,546)

Goodwill

(2,630) (654)

Deferred consideration

(215) (385)

Derivative assets

(270) (94)

**Gross deferred tax liabilities**

**(8,651) (6,085)**

**Deferred tax assets**

MAT credit entitlement

1,631 881

Provision for employee benefit

294 182

Allowance for doubtful debts

9 9

Carry-forward losses

3,201 2,403

Derivative liabilities

1 51

Deferred revenue

63 76

Lease liabilities

90 103

Provision for inventory

636 -

Expenses allowed on payment basis

84 107

Others

1,260 367

**Gross deferred tax assets**

**7,269 4,179**

**Deferred tax (liabilities) / assets (net)**

**(1,382) (1,906)**

**7. Other assets**

**March 31, 2024 March 31, 2023**

**Unsecured considered good, unless otherwise stated**

**(a) Non-current**

Capital advances

1,618 945

Duty drawback receivable

16 24

Balances with statutory / government authorities

1,263 706

Prepayments

632 676

**3,529 2,351**

**(b) Current**

Balances with statutory / government authorities

2,543 2,206

Export incentive receivable

10 8

Advance to suppliers

429 963

Prepayments

857 501

**3,839 3,678**

[Also refer note 28 for details on related party transactions]

**8. Inventories**

**March 31, 2024 March 31, 2023**

Raw materials, including goods-in-bond

3,717 4,240

Packing materials

2,738 3,718

Finished goods

7,458 9,424

Work-in-progress

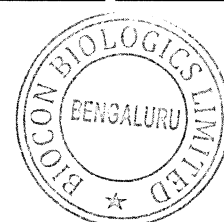
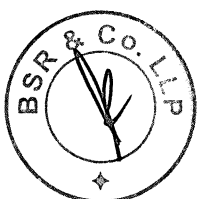
9,067 2,254

Traded goods

14,112 11,971

**37,092 31,607**

(a) Inventories includes goods in-transit Rs 3,985 (March 31, 2023: Rs 85)



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

(b) Write-down of inventories to net realisable value and provision for stock obsolescence amounted to gain of Rs 196 (March 31, 2023: expense of Rs 522). These were recognised as an expense/gain during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

**9. Current investments**
**March 31, 2024      March 31, 2023**
**Quoted - Investments at fair value through profit or loss:**

Investment in mutual funds	-	463
Investment in Invivyd Inc (formerly, 'Adagio Therapeutics Inc') - 294,000 (March 31, 2023 - 294,000) Common Stock, par value USD 0.0001 each	109	29
	<b>109</b>	<b>492</b>
Aggregate market value of quoted investments	109	492
Aggregate carrying value of quoted investments	109	492

The Group's exposure of credit and currency risks, and loss allowances are disclosed in note 31.

**10. Trade receivables**
**March 31, 2024      March 31, 2023**
**Current**

(a) Trade receivables considered good - Unsecured	49,505	23,443
(b) Trade receivables - credit impaired	297	27
	49,802	23,470
Allowance for expected credit loss	(297)	(27)
<b>Net trade receivables</b>	<b>49,505</b>	<b>23,443</b>

[Also refer note 28 for details on related party transactions]

The Group's exposure of credit and currency risks, and loss allowances are disclosed in note 31.

**Trade receivables ageing schedule:**

	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	115	17,083	39,119	7,875	590	2	-	64,784
Undisputed Trade receivables - credit impaired	-	-	-	-	275	2	20	297
<b>As at March 31, 2024</b>	<b>115</b>	<b>17,083</b>	<b>39,119</b>	<b>7,875</b>	<b>865</b>	<b>4</b>	<b>20</b>	<b>65,081</b>
Less: Provision for chargebacks / discounts / rebates / incentives settled through issuance of credit note to its customers								(15,279)
Allowance for expected credit loss								(297)
<b>Net trade receivables</b>								<b>49,505</b>
Undisputed Trade receivables - considered good	1,482	30,485	1,976	576	346	-	-	34,865
Undisputed Trade receivables - credit impaired	-	-	-	5	2	9	11	27
<b>As at March 31, 2023</b>	<b>1,482</b>	<b>30,485</b>	<b>1,976</b>	<b>581</b>	<b>348</b>	<b>9</b>	<b>11</b>	<b>34,892</b>
Less: Provision for chargebacks / discounts / rebates / incentives settled through issuance of credit note to its customers								(11,422)
Allowance for expected credit loss								(27)
<b>Net trade receivables</b>								<b>23,443</b>

**11. Cash and bank balances**
**March 31, 2024      March 31, 2023**
**Cash and cash equivalents**

Balances with banks:		
On current accounts	8,534	8,877
	<b>8,534</b>	<b>8,877</b>

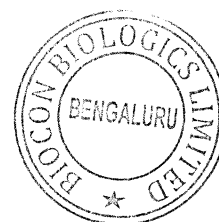
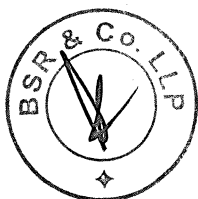
**Other bank balances:**

Deposits with remaining maturity of less than 12 months	531	501
Margin money deposits	22	26
	<b>553</b>	<b>527</b>

**Total cash and bank balances**

	<b>9,087</b>	<b>9,404</b>
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(a) The Group has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**

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

**12(a). Share capital**

	March 31, 2024	March 31, 2023
<b>Authorised</b>		
2,500,000,000 (March 31, 2023: 2,500,000,000) equity shares of Rs 10 each (March 31, 2023: Rs 10 each)	25,000	25,000
1,000,000,000 (March 31, 2023: 1,000,000,000) preference shares of Rs 10 each (March 31, 2023: Rs 10 each)	10,000	10,000
<b>Issued, subscribed and fully paid-up</b>		
1,321,724,958 (March 31, 2023: 1,321,724,958) equity shares of Rs 10 each	13,217	13,217
205,420,000 (March 31, 2023: 205,420,000) Non Convertible Redeemable Preference Shares ("NCRPS") of Rs 10 each	2,054	2,054
231,163,944 (March 31, 2023: 231,163,944) Compulsorily Convertible Preference Shares ("CCPS") of Rs 10 each	2,312	2,312
	<b>17,583</b>	<b>17,583</b>
Less : Preference share capital classified as a financial liability [refer note 13]	(2,054)	(2,054)
Less : Preference share capital classified as a equity instrument	(2,312)	(2,312)
<b>Equity share capital</b>	<b>13,217</b>	<b>13,217</b>

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

	March 31, 2024		March 31, 2023	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	1,321,724,958	13,217	1,058,849,676	10,588
Issued during the year	-	-	262,875,282	2,629
<b>Outstanding at the end of the year</b>	<b>1,321,724,958</b>	<b>13,217</b>	<b>1,321,724,958</b>	<b>13,217</b>

**(b) Non convertible redeemable preference shares**

	March 31, 2024		March 31, 2023	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	205,420,000	2,054	205,420,000	2,054
<b>Outstanding at the end of the year</b>	<b>205,420,000</b>	<b>2,054</b>	<b>205,420,000</b>	<b>2,054</b>

**(c) Optionally convertible redeemable preference shares**

	March 31, 2024		March 31, 2023	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	-	-	1,081,000,000	10,810
Conversion of OCRPS shares to equity shares	-	-	(1,081,000,000)	(10,810)
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(d) Compulsorily convertible preference shares**

	March 31, 2024		March 31, 2023	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	231,163,944	2,312	-	-
Issued during the year	-	-	231,163,944	2,312
<b>Outstanding at the end of the year</b>	<b>231,163,944</b>	<b>2,312</b>	<b>231,163,944</b>	<b>2,312</b>

**(ii) Terms/ rights attached to**
**(a) Equity shares**

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

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

**(b) Non convertible redeemable preference shares**

(i) The tenure of the NCRPS shall be 10 years.

(ii) The Company or NCRPS holder shall have the option to redeem the NCRPS at any time during the tenure of the NCRPS. If the Company or holder of NCRPS exercises such option of early redemption, the NCRPS shall be redeemable at its face value.

(iii) The holder of the NCRPS shall be entitled to preferential dividend of 8.3% per annum on the face value of the NCRPS as may be mutually decided between the Company and the NCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.

(iv) Until redemption of the NCRPS, the NCRPS holder shall have priority of payment of dividend over the equity shareholders.

(v) The NCRPS are redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been classified as financial liability and disclosed at its fair value which is equivalent to the face value. Also refer note 13.

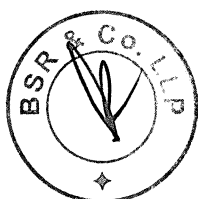
**(c) Optionally convertible redeemable preference shares**

(i) The tenure of the OCRPS shall be 10 years.

(ii) The Company shall have the option to redeem the OCRPS at any time during the tenure of the OCRPS at its face value. The OCRPS shall become redeemable at its face value at the end of the tenure.

(iii) The OCRPS holder shall have the option to convert the OCRPS into equity shares of the Company at any time during the tenure of the OCRPS at a ratio based on fair value or face value of the equity shares as on the date of exercise of the option whichever is higher.

(iv) The holder of the OCRPS shall be entitled to preferential dividend of 3% per annum on the face value of the OCRPS as may be mutually decided between the Company and the OCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.





**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2024****(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

(v) Until redemption of the OCRPS, the OCRPS holder shall have priority of payment of dividend over the equity shareholders.

(vi) During the year ended March 31, 2023, OCRPS holder exercised their option to convert to equity shares. Accordingly 38,505,379 equity shares were issued upon conversion at a issue price of Rs. 280.74 per share.

**(d) Compulsorily convertible preference shares**

(i) The tenure of the CCPS shall be 10 years.

(ii) Each CCPS shall be convertible into equity shares at any time at the option of the holder at a conversion rate of 1:1. The Company has an obligation to issue further equity shares to Mylan Inc, subject to maximum of 61,562,420 equity shares, such that the fair value of the equity holding by Mylan Inc post conversion is atleast USD 1,000 Mn [refer note 35(a)].

(iii) The holder of CCPS shall be entitled to preferential dividend of 0.001% per annum of the face value per CCPS.

(iv) Until redemption of the CCPS, the CCPS holder shall have priority of payment of dividend over the equity shareholders.

(v) The CCPS holder shall be entitled to vote in all general meetings of Shareholders as if such CCPS holder held the number of Shares into which its CCPS can be converted (on a fully diluted basis).

(e) The aforesaid NCRPS are convertible (variable number of equity shares) / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been classified as financial liability and disclosed at its fair value which is equivalent to the face value. Also refer note 13.

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

	March 31, 2024		March 31, 2023	
	No.	% holding	No.	% holding
<b>Equity shares of Rs 10 each fully paid</b>				
Biocon Limited, the Holding Company (including shares held through nominees)	1,172,399,798	88.70%	1,216,568,780	92.04%
<b>NCRPS of Rs 10 each fully paid</b>				
Biocon Limited, the Holding Company	205,420,000	100.00%	205,420,000	100.00%
<b>OCRPS of Rs 10 each fully paid</b>				
Biocon Limited, the Holding Company	-	-	-	-
<b>CCPS of Rs 10 each fully paid</b>				
Mylan Inc	231,163,944	100.00%	231,163,944	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.

(iv) Pursuant to the Scheme of amalgamation between the Company and Biocon Research Limited, the Board of Directors on March 27, 2020 allotted 155,300,000 equity shares of Rs 10 each to the shareholders of Biocon Research Limited. These shares were issued for consideration other than cash.

(v) Pursuant to approval of the shareholders, the Company on September 3, 2020 issued 824,175,932 bonus shares to equity share holders at a ratio of 4:1 by utilising retained earnings and securities premium balances.

(vi) Pursuant to the Transaction Agreement (TA) between the Company and Viatrix Inc, the Board of Directors on November 29, 2022 allotted 1 equity shares of Rs 10 each for Rs 280.74 per share and 231,163,944 CCPS of Rs 10 each for Rs 355.51 per share to Mylan Inc as consideration for acquisition of equity interest in Biosimilars NewCo Limited. These shares were issued for consideration other than cash.

(vii) For details of any securities convertible into equity shares, please refer notes 12(a)(iii)(d) and note 13(h).

(viii) For details of shares reserved for issue under Employee stock compensation plans, please refer note 39.

**(ix) Shareholding of Promoters**

	March 31, 2024		March 31, 2023		March 31, 2022		% Change during the year ending	
	No. of shares	% of total	No. of shares	% of total	No. of shares	% of total	March 31, 2024	March 31, 2023
Biocon Limited								
(a) Equity shares	1,172,399,798	88.70%	1,216,568,780	92.04%	989,717,600	93.47%	-3.34%	-1.43%
(b) NCRPS	205,420,000	100.00%	205,420,000	100.00%	205,420,000	100.00%	-	0.00%
(c) OCRPS	-	-	-	0.00%	1,081,000,000	100.00%	0.00%	-100.00%

**(x) Equity shares allotted during the year**

During the year ended March 31, 2023, the Company has issued 224,369,903 equity shares on private placement and rights issue basis. Further, OCRPS are converted to equity shares during the year [refer note 12(a)(iii)(c)(iv)]

**(xi) Dividends**

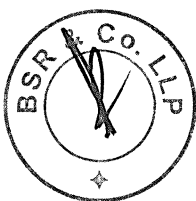
The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2024 was Nil per equity share (March 31, 2023 : Rs 0.2155). The Board of Directors had recommended a final dividend of Rs 0.2155 per equity share for the financial year ended March 31, 2022 through a resolution by circulation on July 18, 2022. This was approved by the shareholders at the Annual General Meeting held on July 26, 2022. The aforesaid dividend was paid during the year ended 31 March 2023 resulting in a cash outflow of Rs 228.

**12(b). Other equity****Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Retained earnings**

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the standalone financial statements of the Company and also considering the requirements of the Act. Thus the amounts reported are not distributable in entirety.



**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2024****(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)****SEZ re-investment reserve**

The SEZ re-investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income-tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-tax Act, 1961.

**Amalgamation adjustment reserve**

The amalgamation adjustment reserve is created to account for business combinations of entities under common control.

**Debenture redemption reserve**

The Group has issued Redeemable Non-Convertible Debentures ("NCD") and Redeemable Optionally Convertible Debentures ("OCD") in prior years. As per the provisions of the Companies Act, 2013, debenture redemption reserve is created out of profits of the Company available for payment of dividend.

**Capital redemption reserve**

The Group had redeemed Non Convertible Redeemable Preference Shares in prior years and as per the provisions of the Companies Act, 2013, a sum equal to the nominal value of the shares redeemed is transferred to the capital redemption reserve.

**Treasury shares**

Own equity instruments held by Biocon Biologics Employees Welfare Trust that are reacquired are recognised at cost and disclosed as deducted from equity.

**Fair value reserve for Compound Financial Instrument**

The Company has issued Compulory Convertible Debentures during the year. Fair value of derivative embedded in CCD at inception amounts to Rs. 1,039. Refer note 13(j) and 31 for further details.

**Employee stock option outstanding reserve**

The Group has established equity settled share based payment plans for certain categories of employees of the Group.

**Cash flow hedging reserve**

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

**Foreign currency translation reserve**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's reporting currency (i.e. Indian Rupees) are accumulated in the foreign currency translation reserve. This also includes effective portion of Group's net investment in foreign operations.

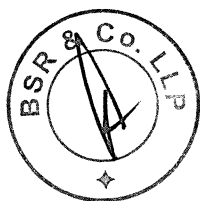
**Other items of other comprehensive income**

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

**13. Non-current borrowings**

	March 31, 2024	March 31, 2023
<b>Loans from banks (secured)</b>		
Term loan [refer note (a) (b) (c) and (d) below]	92,888	112,946
Redeemable Non-Convertible Debentures ("NCD") [refer note (e) below]	-	2,000
<b>Loans from banks (unsecured)</b>		
Term loan [refer note (f) (k) and (l) below]	1,708	1,952
<b>Other loans from related parties (unsecured)</b>		
Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	2,054	2,054
Optionally Convertible Redeemable Preference Shares ("OCRPS") [refer note 12(a)(ii)(c)]	-	-
Optionally Convertible Debentures ("BL OCD") [refer note (i) below]	5,701	-
Non-Cumulative Redeemable Convertible Preference Shares [refer note (g) below]	795	712
<b>Other loans (unsecured)</b>		
Redeemable Optionally Convertible Debentures ("OCD") [refer note (h) below]	14,939	14,030
Compulsorily Convertible Debentures ("CCD") [refer note (j) below]	150	-
	<b>118,235</b>	<b>133,694</b>
Less: Current maturity disclosed under the head "Current borrowings" [refer note 16]	(6,063)	(1,068)
	<b>112,172</b>	<b>132,626</b>
<b>The above amount includes</b>		
Secured borrowings	92,888	114,946
Unsecured borrowings	25,347	18,748
Amount disclosed under the head "Current borrowings" [refer note 16]	(6,063)	(1,068)
<b>Net amount</b>	<b>112,172</b>	<b>132,626</b>

(a) During the year ended March 31, 2019, the Company had obtained an external commercial borrowing facility of USD 75 million from MUFG Bank Limited. This loan is repayable in 3 annual instalments commencing from April 2024 and carries an interest rate of SOFR + 1.26% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the facility for the manufacturing of pharmaceuticals. Carrying value of the loan as at March 31, 2024 amounts to Rs 6,251 (March 31, 2023: 6,164).



**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2024****(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

(b) During the year ended March 31, 2021, the Company had obtained a Term loan facility from The Hongkong and Shanghai Banking Corporation Limited amounting to Rs 3,500 repayable in 2 equal annual instalments commencing from April 2024. Term loan carries an interest rate of 3 Months T Bill + 2.3% p.a. and are secured by first pari-passu charge on the present and future movable Property plant & equipment of the Company. Carrying value of the loan as at March 31, 2024 amounts to Rs 3,500 (March 31, 2023: 3,500).

(c) During the year ended March 31, 2023, the Biosimilars Newco Limited (subsidiary of the Company) had entered into a USD 1.2 Billion long-term syndicated loan facility agreement with consortium of lenders for a tenure of 5 years. The term loan is repayable in quarterly instalments starting after 30 months of the execution of the agreement and carries an interest rate of SOFR + margin of 1.95% p.a to 1.35% p.a. The loan is secured by first pari-passu charge movable Property plant & equipment of the Company, Biocon Sdn. Bhd., Malaysia. ("Biocon Malaysia"), Biocon Biologics UK Ltd ("Biocon UK"), Biosimilars Newco Limited and Biosimilars collaboration Ireland Limited. Further the loan is also secured by corporate guarantee by the Company, Biocon Malaysia, Biocon UK and Biosimilars Collaboration Ireland Limited. The Group has pre-paid USD 250 million during the year. The carrying value of the loan as at March 31, 2024 amounts to Rs 77,699 (March 31, 2023: 97,118), net-off unamortised debt issuance cost of Rs. 1,474 (March 31, 2023: 1,498). During the year, the facility agreement was amended, whereby the lenders have relied upon the Equity Support Agreement ('ESA') given by Biocon Limited and has resulted in relief for purpose of covenant compliance. ESA was approved by the shareholders of Biocon Limited ("the Holding Company") on 22 April 2024.

(d) During the year ended March 31, 2022, Biocon UK had obtained a term loan facility of USD 75 million from The Hongkong and Shanghai Banking Corporation Limited for a tenure of 5 years. The term loan is repayable over the period of 4 years and carries an interest rate of 1 month SOFR + 1.11% p.a. and are secured by first pari-passu charge on the present and future Plant and Machineries of Biocon Malaysia. Carrying value of the term loan as at March 31, 2024 is Rs. 5,438 (March 31, 2023: 6,164).

(e) During the year ended March 31, 2021, the Company had issued NCD of face value Rs 1,000,000 each to HDFC Bank Limited amounting to Rs. 2,000 for a tenure of 43 months. The debentures are repayable at the end of the term in April 2024. The NCD carries call/put option on or after September 21, 2023. The debentures carries fixed coupon rate of 6.8949% p.a. and are secured by first pari-passu charge on the movable fixed assets of the Company. Carrying value of the loan as at March 31, 2024 amounts to Rs Nil (March 31, 2023: 2,000). During the year ended March 31, 2024, the Company has pre-paid the NCD along with interest.

(f) During the year ended March 31, 2022, Biocon UK had obtained a term loan facility of USD 25 million from The HDFC Bank Limited for a tenure of 5 years. The term loan is repayable in 5 annual instalments starting from the end of year 1 and carries an interest rate of 3 months SOFR + 1.26% p.a. Carrying value of the term loan as at March 31, 2024 is Rs. 1,708 (March 31, 2023: 1,952).

(g) As at March 31, 2023, Biocon Malaysia has outstanding 3,067,506 (March 31, 2023: 3,067,506) non-cumulative redeemable convertible preference shares ("NCRCPs") which were issued at issue price and par value of RM 10 each. These NCRCPs are issued to Biocon SA, a fellow subsidiary. The NCRCPs rank pari passu with one another without any preference or priority among themselves. Each NCRCP shall confer to the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution. The NCRCPs shall be redeemable at par value, in full or in part, and in any number of tranches at the option of the NCRCP shareholder at any time after ten years from the date of issue of the NCRCPs. The NCRCPs shall be convertible at par value to ordinary shares of Biocon Malaysia of RM 10 each at any time at the option of the NCRCP holder.

NCRCPs been accounted as a compound financial instrument in line with Ind AS, given that it has both financial liability and equity feature. Accordingly, it has been bifurcated into financial liability and equity.

The NCRCPs shall have no voting right or right to move or second any resolutions at any general meetings of the Biocon Malaysia, except:

- (a) upon any resolution which varies or is deemed to vary the right and privileges attached to the NCRPS; and
- (b) upon any resolution for the winding up of the Biocon Malaysia.

(h) During the year ended March 31, 2021, the Company had entered into an agreement with Goldman Sachs India AIF Scheme-1 ('Investor') whereby the Investor had infused Rs. 11,250 against issuance of OCD. The debentures are issued for a tenor of 61 months, are unsecured, redeemable at par and carry a conversion option at any time during the tenor at the option of the investor. OCD bears a coupon rate of 5% per annum payable on compounded and cumulative basis only on redemption.

The debentures have been accounted as a compound financial instrument in line with Ind AS, given that it has both financial liability and equity feature. Accordingly, the consideration received was bifurcated into financial liability and equity. The financial liability is subsequently recorded at amortised cost.

During the year ended March 31, 2022, the Company had entered into amendment to the terms of OCD agreement which provides for redemption amount INR equivalent of USD 153.23 million with reference to rate published by RBI for conversion of USD to INR one day prior to redemption. This resulted in the modification of the compound financial instrument and OCD is classified as financial liability from the modification date.

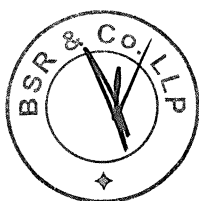
(i) During the year, the Group has entered into debenture subscription agreement with Biocon Limited for issuance of 17,810,073 Optionally Convertible Debentures ("BL OCD") private placement basis at an issue price of 280.74 amounts to Rs. 5,000. The BL OCD are issued for a tenor of 47 months, are unsecured, redeemable at par and carry a conversion option at any time during the tenor at the option of the investor. BL OCD bears a coupon rate of 12% per annum plus agreed variable coupon payable on compounded and cumulative basis only on redemption. The variable coupon is linked to the equity share price of the Company. The BL OCD are convertible upon occurrence of conversion event. The debentures was accounted as a debt financial instrument in line with Ind AS, given that it has financial liability feature. Accordingly, the consideration received was recorded as financial liability. As at March 31, 2024, the interest accrued amounts to Rs. 701 and has been recorded under "Finance cost".

(j) During the year, the Group has issued 10,686,044 compulsory convertible debentures ("CCD") to ESOF III Investment Fund and Edelweiss Alternative Asset Advisors Limited, on private placement basis at an issue price of 280.74 amounts to Rs. 3,000. The CCD's are issued for a tenor of 36 months, are unsecured, redeemable at par and carry a conversion option at any time during the tenor at the option of the investor. CCD bears a coupon rate of 12% per annum plus agreed variable coupon payable on compounded and cumulative basis only on redemption. The variable coupon is linked to the equity share price of the Group. The CCD's are convertible upon occurrence of conversion event at 1:1 ratio. The debentures was accounted as a compound financial instrument in line with Ind AS, given that it has financial liability and equity feature.

(k) Term loans from the Bank provides for certain financial covenants at the Group level. As at the date of adoption of these financial statements, the Group complies with the financial covenants.

(l) The Group's exposure to liquidity, interest rate and currency risks are disclosed in note 31.

(m) With respect to funds raised in points (i) and (j) above, the Group has advanced these funds to one of its subsidiaries, which in turn has been further advanced to its step down subsidiary for the purpose of repaying the step-down subsidiary's loan.



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**

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

**14. Provisions**
**(a) Non-current**

Provision for employee benefits

Gratuity [refer note 30(i)]

Provision for sales return

**March 31, 2024**
**March 31, 2023**

385

340

1,287

1,231

1,672

1,571

**(b) Current**

Provision for employee benefits

Gratuity [refer note 30(i)]

Compensated absences

Provision for sales return

69

59

473

284

136

283

678

626

**(i) Movement in provisions**

Opening balance

Provision recognised/ (reversal) during the year

Closing balance

**For the year ended March 31, 2024**

Gratuity	Compensated absences	Sales return
399	284	1,514
55	189	(91)
454	473	1,423

**For the year ended March 31, 2023**

Gratuity	Compensated absences	Sales return
349	239	136
-	-	1,307
50	45	71
399	284	1,514

**15. Other liabilities**
**(a) Non-current**

Deferred revenues [refer note 19]

**March 31, 2024**
**March 31, 2023**

343

582

343

582

**(b) Current**

Deferred revenues [refer note 19]

Advances from customers [refer note 19]

Statutory taxes and dues payable

490

377

79

29

670

3,117

1,239

3,523

**16. Current borrowings**
**From banks/ financial institutions**

Packing credit foreign currency loan (unsecured) [refer note (a) below]

Packing credit rupee export loan (unsecured) [refer note (b) below]

Cash credit (secured) [refer note (c) below]

Term Loan [refer note (d) below]

Current maturities of non-current borrowings [refer note 13]

4,884

1,972

7,660

8,870

3,141

287

5,000

-

6,063

1,068

26,748

12,197

**The above amount includes**

Secured borrowings

Unsecured borrowings

3,141

287

12,544

10,842

(a) The Company has obtained foreign currency short term unsecured pre-shipment credit loans from various banks that carries fixed interest rate ranging from 5.75% p.a. to 6.45% p.a. (March 31, 2023: 5.62% p.a. to 6.23% p.a.) Packing credit foreign currency loan tenure is upto 180 days from the date of draw down.

(b) The Company has obtained rupee denominated short term unsecured pre-shipment credit loans from various banks that carries interest rate ranging from 7.24% p.a. to 8.20% p.a. (March 31, 2023: 6.96% p.a. to 8.20% p.a.) Packing credit rupee loan tenure is upto 180 days from the date of draw down.

(c) Biocon Malaysia had availed working capital facilities, carrying an interest rate of Bank Lending Rate + 0.5% p.a. Further the loan is secured by corporate guarantee by the Company upto USD 10 million.

(d) The Group has obtained short term unsecured loan from various banks that carries interest rate ranging from 7.9% p.a. to 8.2% p.a. The tenure of the loan is 365 days from the date of draw down.

**17. Trade payables**

Trade and other payables

- Total outstanding dues of micro and small enterprises ('MSME')

- Total outstanding dues of creditors other than micro and small enterprises \*

**March 31, 2024**
**March 31, 2023**

297

1,013

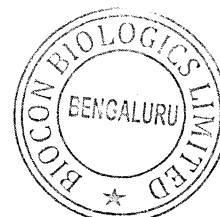
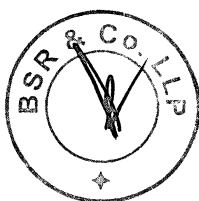
56,509

30,293

56,806

31,306

\* includes Other payables comprising of allowances for Rebates / Incentives expected to be settled in cash



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 31.

[Also refer note 28 for details on related party transactions]

**Trade payables ageing schedule:**

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	-	208	80	4	3	2	297
(ii) Others	41,190	4,931	3,575	6,813	-	-	56,509
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
<b>As at March 31, 2024</b>	<b>41,190</b>	<b>5,139</b>	<b>3,655</b>	<b>6,817</b>	<b>3</b>	<b>2</b>	<b>56,806</b>
(i) Micro and small enterprises	-	222	786	4	1	1	1,013
(ii) Others	18,126	2,913	9,171	33	29	21	30,293
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>18,126</b>	<b>3,135</b>	<b>9,956</b>	<b>37</b>	<b>30</b>	<b>21</b>	<b>31,306</b>

**18. Other financial liabilities**
**March 31, 2024**
**March 31, 2023**
**(a) Non-current**

Deferred consideration payable (refer note 35)

- 25,573

Contingent consideration payable [refer note 31(D) and 35]

7,426 6,583

**7,426 32,156**
**(b) Current**

Interest accrued but not due

145 192

Employee benefit payable (refer note a below)

1,856 1,075

Derivative premium payable

- 10

Deferred consideration payable (refer note 35)

27,423 2,014

Payables for capital goods

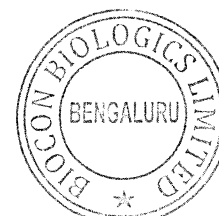
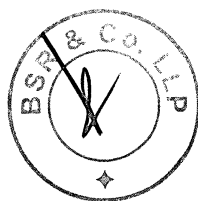
3,067 1,183

**32,491 4,474**

[Also refer note 28 for details on related party transactions]

(a) Employee benefit payable was disclosed under trade payable in the previous year. In the current year, the employee payable has been disclosed under other financial liabilities including comparable period.

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**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2024**

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

	Year ended March 31, 2024	Year ended March 31, 2023
<b>19. Revenue from operations</b>		
Sale of products		
Finished goods [Refer note (a) below]	58,293	43,068
Traded goods	23,694	9,650
Sale of services		
Licensing and development fees	1,928	2,058
Research fees	362	42
Other operating revenue		
Sale of process waste	34	26
Performance linked incentive	275	503
Sale of Brands [Refer note (b) below]	3,500	-
Others	156	491
<b>Revenue from operations</b>	<b>88,242</b>	<b>55,838</b>

(a) includes profit share

(b) Biocon Biologics Limited ("BBL") has entered into a agreement with Eris Lifesciences for sale of its business of commercialization of (i) Branded generic immunotherapy and nephrology small molecules formulations being manufactured by third parties under manufacturing agreements and (ii) the in-licensed products in India for consideration of Rs. 3,660. The Group has recorded gain of Rs. 3,500 net of costs of the related underlying assets.

**19.1 Disaggregated revenue information**

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

**Revenues by geography****Revenues from operations**

European union (including Ireland)	26,365	15,201
USA	33,197	9,816
India	9,089	6,727
Rest of the world	19,591	24,094
<b>Total revenue from operations</b>	<b>88,242</b>	<b>55,838</b>

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

**19.2 Changes in contract liabilities: deferred revenue and advance from customers**

Balance at the beginning of the year	988	10,191
Add:- Increase due to invoicing during the year	251	1,755
Less:- Contract liabilities derecognised as pre-existing relationship pursuant to business combination (refer note 35)	-	(9,260)
Less:- Amounts recognised as revenue during the year	(457)	(2,408)
Add:- Foreign currency translation	130	710
<b>Balance at the end of the year</b>	<b>912</b>	<b>988</b>

Expected revenue recognition from remaining performance obligations:

- Within one year	569	406
- More than one year	343	582
	<b>912</b>	<b>988</b>

**19.3 Contract balances**

Trade receivables	49,505	23,443
Unbilled revenue	-	-
Contract liabilities	912	988

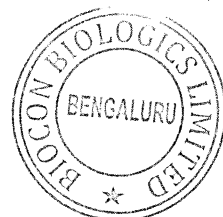
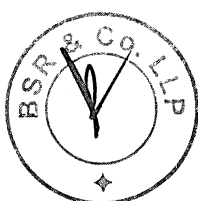
Trade receivables are non-interest bearing. Contract liabilities include deferred revenues and advance from customers.

**19.4 Performance obligation:**

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

**19.5 Significant customer**

Two customer group individually accounted for Rs 21,204 which is more than 10% of the total revenue of the Company for the year ended March 31, 2024 (March 31, 2023: Rs 18,861).



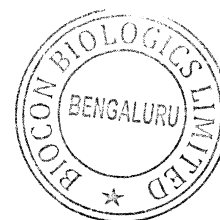
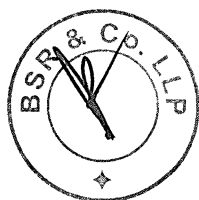
**BIOCON BIOLOGICS LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2024

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

	Year ended March 31, 2024	Year ended March 31, 2023
<b>19.6 Reconciliation of revenue from contracts with customers</b>		
Revenue from contracts with customers as per contract price	217,972	107,666
Adjustments made to contract price on account of :-		
a) Chargebacks / Discounts / Rebates / Incentives	(131,962)	(51,823)
b) Sales returns/ reversals	(1,733)	(1,025)
Revenue from Contracts with customers as per consolidated statement of profit and loss	<u>84,277</u>	<u>54,818</u>
<b>20. Other income</b>		
Interest income under the effective interest method on financial asset carried at at amortised cost:		
Deposits with banks and financial institutions	133	29
Others	9	2
Net gain on sale of current investments	495	67
Net gain on financial assets measured at fair value through profit or loss	1,017	1
Other non-operating income	110	21
	<u>1,764</u>	<u>120</u>
<b>21. Cost of raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	7,958	5,508
Add: Purchases	16,705	13,548
Less: Inventory at the end of the year	(6,455)	(7,958)
	<u>18,208</u>	<u>11,098</u>
<b>22. Changes in inventories of finished goods, traded goods and work-in-progress</b>		
Inventory at the beginning of the year		
Traded goods	11,971	213
Finished goods	9,424	6,619
Work-in-progress	2,254	1,765
	<u>23,649</u>	<u>8,597</u>
Inventory acquired through business combination (refer note 35)	-	13,742
Inventory at the end of the year		
Traded goods	14,112	11,971
Finished goods	7,458	9,424
Work-in-progress	9,067	2,254
	<u>30,637</u>	<u>23,649</u>
	<u>(6,988)</u>	<u>(1,310)</u>
<b>23. Employee benefits expense</b>		
Salaries, wages and bonus *	10,859	6,942
Contribution to provident and other funds	475	402
Gratuity [refer note 30(i)]	79	68
Employee stock compensation expense [refer note 39]	817	706
Staff welfare expenses	472	370
	<u>12,702</u>	<u>8,488</u>

\*includes expense towards compensated absence [refer note 30 (ii)]

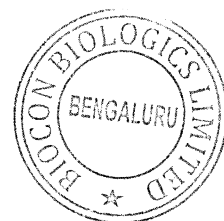
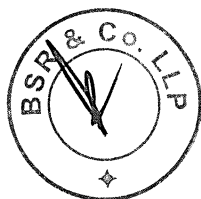


**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**

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

	Year ended March 31, 2024	Year ended March 31, 2023
<b>24. Finance costs</b>		
Interest expenses on financial liabilities [refer note (a) below]	8,435	2,770
Interest expenses on lease liabilities [refer note 27]	202	199
	<u>8,637</u>	<u>2,969</u>
(a) Interest expense on financial liabilities is net of borrowing cost capitalisation amounting to Rs. 4,027 (March 31, 2023 - Rs. 2,395).		
<b>25. Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment [refer note 3(a)]	3,778	3,274
Depreciation of right-of-use assets [refer note 3(b)]	446	388
Amortisation of other intangible assets [refer note 4]	6,078	2,720
	<u>10,302</u>	<u>6,382</u>
<b>26. Other expenses</b>		
Royalty and technical fees	31	22
Rent [refer note 27]	122	36
Communication expenses	61	26
Travelling and conveyance	708	371
Professional charges	3,948	1,185
Transition Support Agreement ('TSA') expense [refer note 35(j)]	8,804	4,063
Directors' fees including commission	91	63
Power and fuel	2,727	2,343
Insurance	225	187
Rates, taxes and fees, net of refunds of taxes	193	132
Lab consumables	1,451	2,050
Foreign exchange loss, net	20	1,338
Repairs and maintenance		
Plant and machinery	2,295	1,734
Buildings	233	169
Others	856	661
Selling expenses		
Freight outwards, distribution and clearing charges	779	185
Sales promotion expenses	1,072	1,199
Commission and brokerage (other than sole selling agents)	139	123
Net loss on financial assets/liabilities designated at fair value through profit or loss	-	619
Printing and stationery	69	56
Research and development expenses	4,801	5,948
Corporate social responsibility (CSR) expenses	-	44
Miscellaneous expenses	273	161
	<u>28,898</u>	<u>22,715</u>
Less: Expenses capitalized to intangible assets	(74)	(759)
	<u>28,824</u>	<u>21,956</u>

[Also refer note 28 for details on related party transactions]





**BIOCON BIOLOGICS LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2024

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

**(a) Payment to auditors:**

As auditor:

Statutory audit fee

53

12

Tax audit fee

1

1

In other capacity:

Other services (certification fees)

1

1

Reimbursement of out-of-pocket expenses

3

1

**58****15****Details of research and development expenditure incurred (charged to statement of profit and loss)**

Research and development expenses

4,801

5,948

Lab consumables

1,451

2,050

Employee benefits expense

1,439

1,190

Other research and development expenses included in other heads

2,230

2,223

**9,921****11,411**

Less: Recovery of product development costs from co-development partners (net)

(737)

(1,762)

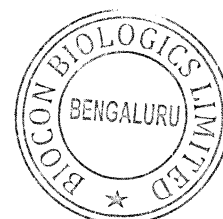
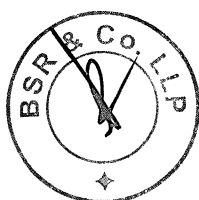
Less: Expenses capitalized to intangible assets

(74)

(759)

**9,110****8,890**

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**27. Leases**

The Group has entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the financial year 2032-33. Gross payment for the year aggregate to Rs. 627 (March 31, 2023: Rs. 544).

The followings is the movement in the lease liability:

Particulars	Total
Balance as at April 1, 2022	2,067
Additions during the year	69
Finance cost accrued during the year*	201
Payment of lease liabilities	(544)
<b>Balance as at March 31, 2023</b>	<b>1,793</b>
Additions during the year	639
Finance cost accrued during the year*	202
Payment of lease liabilities	(627)
<b>Balance as at March 31, 2024</b>	<b>2,007</b>

\*includes Nil (March 31, 2023 - Rs 2) capitalised during the year

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

	March 31, 2024	March 31, 2023
Current lease liabilities	605	477
Non-current lease liabilities	1,402	1,316
<b>Total</b>	<b>2,007</b>	<b>1,793</b>

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

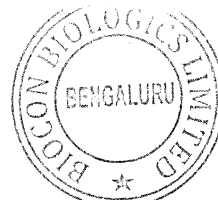
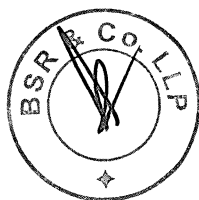
Less than one year	678	525
One to five years	1,736	1,424
More than five years	115	421
<b>Total</b>	<b>2,529</b>	<b>2,370</b>

The following are the amounts recognised in Statement of profit or loss for the year:

Depreciation expense of right of use-assets	446	388
Interest expenses on lease liabilities	202	199
Payment for leases for short term and low value asset [refer note (i) below]	122	36
<b>Total</b>	<b>770</b>	<b>623</b>

(i) The Group applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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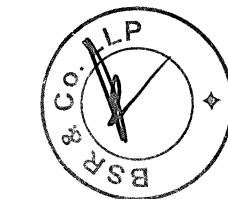


**BIOCON BIOLOGICS LIMITED**  
**Notes to consolidated financial statements for the year ended March 31, 2024**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2023 to March 31, 2024 (Income)/Expenses/ Other transactions	Balance as at March 31, 2024 (Payable)/ Receivable	April 1, 2022 to March 31, 2023 (Income)/Expenses/ Other transactions	Balance as at March 31, 2023 (Payable)/ Receivable
1	Blocon Limited	Holding Company	Expenses incurred by related party on behalf of the Group	49	-	138	-
			Expenses incurred on behalf of the related party	(16)	-	(28)	-
			Professional charges	324	-	383	-
			Research fees	(28)	-	(38)	-
			Cross charges towards facility and other expenses	(54)	-	-	-
			Sale of goods	-	-	(6)	-
			Payment for leases	269	-	246	-
			Power and fuel	1,539	-	1,673	-
			Research and development expense	-	-	12	-
			Staff welfare expenses towards canteen charges	62	-	41	-
			Royalty expense	16	-	13	-
			Share based payments to employees	78	-	257	-
			Purchase of goods	122	-	95	-
			Conversion of preference shares to equity shares	-	-	(10,810)	-
			Issue of equity shares	-	-	(40,710)	-
			Dividend paid	-	-	213	-
			Reimbursement towards Performance Linked Incentive (PLI)	(168)	-	(495)	-
			Optionally Convertible Debentures	(5,000)	(5,701)	-	-
			Funding towards property plant and equipment/prepayment	-	-	-	719
			Trade payables	-	(1,304)	-	(687)
			Interest on Optionally Convertible Debentures [refer note 13(i)]	701	-	-	-
			Sale of car	-	-	(3)	-
2	Syngene International Limited	Fellow subsidiary	Research and development expenses	6	-	76	-
			Expenses incurred by related party on behalf of the Group	8	-	6	-
			Sale of goods [Refer note (g) below]	-	-	-	-
			Expenses incurred on behalf of the related party	(61)	-	(11)	-
			Purchase of goods	-	-	(0)	-
			Power and Utility Charges	90	-	92	-
			Payment for leases	303	-	284	-
			Cross charges towards facility and other expenses	(6)	-	-	-
			Staff welfare expenses towards canteen charges	4	-	-	-
			Trade payables	-	(79)	-	(219)



**BIOCON BIOLOGICS LIMITED**

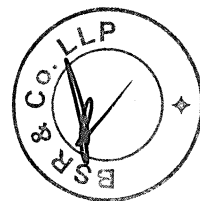
**Notes to consolidated financial statements for the year ended March 31, 2024**

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

**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2023 to March 31, 2024 (Income)/Expenses/ Other transactions	Balance as at March 31, 2024 (Payable)/ Receivable	April 1, 2022 to March 31, 2023 (Income)/Expenses/ Other transactions	Balance as at March 31, 2023 (Payable)/ Receivable
3	Bicara Therapeutics Inc. (upto December 12, 2023)	Fellow associate	Research fees Cross charges towards facility and other expenses Trade receivables	(7) (4) -	- - -	(12) - -	- - 24
4	Biocon FZ LLC	Fellow subsidiary	Professional charges	-	-	1	-
5	Biocon SA	Fellow subsidiary	Interest on preference shares	-	-	37	-
6	Biocon Pharma UK Limited	Fellow subsidiary	Expenses incurred by related party on behalf of the Group (Refer note (g) below) Trade payables (Refer note (g) below)	- -	- -	- -	- (0)
7	Biocon Pharma Limited	Fellow subsidiary	Research Service Cross charges towards facility and other expenses Expenses incurred by related party on behalf of the Company Sale of goods/other product Purchase of goods Issue of equity shares Trade Receivables	(12) (12) (3) (1) - - -	- - - - - - 146	(191) - - (2) 7 (12,166) -	- - - - - - 117
8	Biocon Foundation	Fellow subsidiary	Contribution towards CSR expenses Advance receivables	74 -	- 27	44 -	- 7
9	Biocon Biosphere Limited	Fellow subsidiary	Expenses incurred on behalf of the related party Trade receivables	(1) -	- -	1 -	- -
10	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Miscellaneous expenses Sale of assets Trade receivables	39 - -	- - 5	39 (1) -	- - -
11	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods Trade receivables	(44) -	- 7	(53) -	- 16
12	Biofusion Therapeutics Limited	Fellow Subsidiaries	Trade Receivables	-	70	-	70



**BIOCON BIOLOGICS LIMITED**  
**Notes to consolidated financial statements for the year ended March 31, 2024**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

**28. Related party disclosures:**

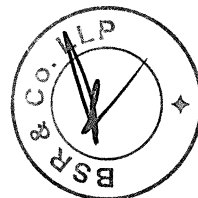
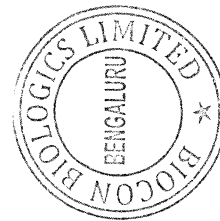
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13	Biocon Academy	Fellow Subsidiaries	Expenses incurred on behalf of the related party Contribution towards CSR expenses Advance to suppliers	(13) 47 -	- - 70	(8) - -	- - 9
14	Viatrix Group (w.e.f November 29, 2022)	Enterprise whose director has significant influence in the Group	Expense cross charge in relation to Transition Support Agreement ("TSA") [refer note 35(j)] Deferred consideration payable (refer note 18) Contingent consideration payable (refer note 18) Contingent consideration receivable (refer note 5)	10,924 - - -	- (27,423) (7,426) 750	5,505 - - -	- (27,587) (6,583) 8,993
15	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (c) (d) and (e) below] Sitting fees and remuneration	211 91	54 1	144 63	29 1

- (a) The related party disclosed above are as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.  
(b) All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.  
(c) Key managerial personnel include:

- (i) Kiran Mazumdar Shaw  
Executive Chairperson  
Managing Director (till December 5, 2022) and Non-Independent Non-Executive Director (w.e.f December 6, 2022)  
Managing Director & Chief Executive Officer (w.e.f December 5, 2022)  
Chief Financial Officer (till October 30, 2023)  
Chief Financial Officer (w.e.f October 31, 2023)  
Company Secretary (till February 13, 2023) and General Council and Head of Corporate Governance (w.e.f February 13, 2023)  
Company Secretary (w.e.f February 13, 2023)  
Independent director  
Independent director  
Independent director  
Independent director  
Independent director  
Non-Independent Non-Executive Director (w.e.f November 15, 2021)  
Non-Independent Non-Executive Director and Nominee Director of Viatrix Inc  
Non-Executive Independent Director (w.e.f February 06, 2024)  
Non-Executive Independent Director (w.e.f February 06, 2024)

(d) The remuneration to key management personnel doesn't include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Group as a whole.



**BIOCON BIOLOGICS LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2024

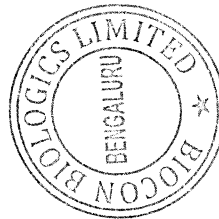
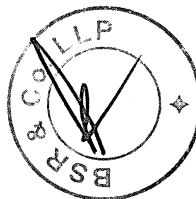
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**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2023 to March 31, 2024 (Income)/Expenses/ Other transactions	Balance as at March 31, 2024 (Payable)/ Receivable	April 1, 2022 to March 31, 2023 (Income)/Expenses/ Other transactions	Balance as at March 31, 2023 (Payable)/ Receivable
(e)	Share based compensation expense allocable to key management personnel is Rs 179 (March 31, 2023: Rs 114), which is not included in the remuneration disclosed above.						
(f)	Fellow subsidiary companies with whom the Group did not have any transactions:						
	<b>Name</b>	<b>Relation</b>	<b>Name</b>	<b>Relation</b>			
(i)	Syngene USA Inc	Wholly-owned subsidiary of Syngene International Limited	(vi) Biocon Pharma Ireland Limited	Wholly-owned subsidiary of Biocon Pharma Limited			
(ii)	Syngene Manufacturing Solutions Limited	Wholly-owned subsidiary of Syngene International Limited	(vii) Biocon Pharma Inc	Wholly-owned subsidiary of Biocon Pharma Limited			
(iii)	Syngene Scientific Solutions Limited	Wholly-owned subsidiary of Syngene International Limited	(viii) Biocon Pharma Malta I Limited	Wholly-owned subsidiary of Biocon Pharma Limited			
(iv)	Biocon Pharma Malta Limited	Wholly-owned subsidiary of Biocon Pharma Limited	(ix) Biocon FZ LLC	Wholly-owned subsidiary of Biocon Pharma Limited			
(v)	Biocon Pharma UK Limited,	Wholly-owned subsidiary of Biocon Pharma Limited	(x) Biocon SA	Wholly-owned subsidiary of Biocon Limited			
			(xi) Biocon Generics Inc.	Wholly-owned subsidiary of Biocon Limited			

(g) Amounts are not presented since the amounts are rounded off to Rupees million.



**29. Tax expense**

**(a) Amount recognised in Statement of profit and loss**

	Year ended March 31, 2024	Year ended March 31, 2023
Current tax	1,733	832
Deferred tax (credit) / expense related to:		
MAT credit entitlement	(750)	32
Origination and reversal of temporary differences	(42)	(1,013)
<b>Tax expense for the year</b>	<b>941</b>	<b>(149)</b>

**(b) Reconciliation of effective tax rate**

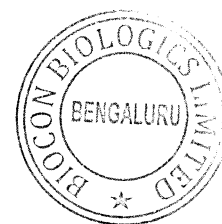
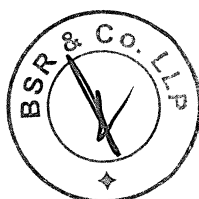
Profit before tax	3,123	1,186
Tax at statutory income tax rate 34.944% (March 31, 2023: 34.944%)	1,091	414
<i>Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Difference in overseas/domestic tax rates	504	(561)
Exempt income and other deductions	(1,156)	(578)
Tax losses for which no deferred tax was recognised	315	561
Non-deductible expense	(261)	(31)
Tax for earlier years	(91)	20
Impact of change in enacted tax rate during the year - deferred tax	510	-
Others	29	26
<b>Income tax (credit) / expense</b>	<b>941</b>	<b>(149)</b>

**(c) Recognised deferred tax assets and liabilities**

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

For the year ended March 31, 2024	Opening balance	Acquired through Business combination (refer note 35)	Recognised in profit or loss	Recognised in OCI	Exchange difference	Closing balance
<b>Deferred tax liabilities</b>						
Property, plant and equipment	1,406	-	(158)	-	54	1,302
Other intangible assets	3,546	-	688	-	-	4,234
Goodwill	654	-	1,969	-	7	2,630
Deferred consideration	385	-	(164)	-	(6)	215
Derivative assets	94	-	-	172	4	270
<b>Gross deferred tax liabilities</b>	<b>6,085</b>	<b>-</b>	<b>2,335</b>	<b>172</b>	<b>59</b>	<b>8,651</b>
<b>Deferred tax assets</b>						
Provision for employee benefits	182	-	100	12	-	294
Allowance for doubtful debts	9	-	-	-	-	9
MAT credit entitlement	881	-	750	-	-	1,631
Carry-forward losses	2,403	-	798	-	-	3,201
Derivative liabilities	51	-	-	(50)	-	1
Deferred revenue	76	-	(13)	-	-	63
Lease liabilities	103	-	(13)	-	-	90
Provision for Inventory	-	-	636	-	-	636
Expenses allowed on payment basis	107	-	(23)	-	-	84
Others	367	-	892	-	1	1,260
<b>Gross deferred tax assets</b>	<b>4,179</b>	<b>-</b>	<b>3,127</b>	<b>(38)</b>	<b>1</b>	<b>7,269</b>
<b>Deferred tax assets / (liabilities) (net)</b>	<b>(1,906)</b>	<b>-</b>	<b>792</b>	<b>(210)</b>	<b>(58)</b>	<b>(1,382)</b>

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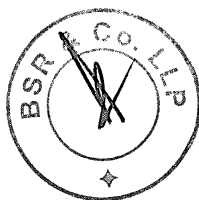
BIOCON BIOLOGICS LIMITED

Notes to consolidated financial statements for the year ended March 31, 2024

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

For the year ended March 31, 2023	Opening balance	Acquired through Business combination (refer note 35)	Recognised in profit or loss	Recognised in OCI	Exchange difference	Closing balance
<b>Deferred tax liabilities</b>						
Property, plant and equipment	283	-	1,022	-	102	1,406
Other intangible assets	592	2,879	75	-	-	3,546
Goodwill	-	-	654	-	-	654
Deferred consideration	-	478	(95)	-	2	385
Derivative assets	78	-	-	16	-	94
<b>Gross deferred tax liabilities</b>	<b>953</b>	<b>3,357</b>	<b>1,655</b>	<b>16</b>	<b>104</b>	<b>6,085</b>
<b>Deferred tax assets</b>						
Provision for employee benefits	132	-	38	12	-	182
Allowance for doubtful debts	9	-	-	-	-	9
MAT credit entitlement	913	-	(32)	-	-	881
Carry-forward losses	-	-	2,403	-	-	2,403
Derivative liabilities	51	-	-	-	-	51
Deferred revenue	30	-	46	-	-	76
Lease liabilities	90	-	13	-	-	103
Expenses allowed on payment basis	189	-	(82)	-	-	107
Others	111	-	249	-	6	367
<b>Gross deferred tax assets</b>	<b>1,525</b>	<b>-</b>	<b>2,636</b>	<b>12</b>	<b>6</b>	<b>4,179</b>
<b>Deferred tax assets (net)</b>	<b>572</b>	<b>(3,357)</b>	<b>981</b>	<b>(4)</b>	<b>(98)</b>	<b>(1,906)</b>

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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**

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

**30. Employee benefit plans**

- (i) The Group has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement/termination age and does not have any maximum monetary limit for payments. The gratuity plan is unfunded.

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

	Net defined benefit obligation	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	399	349
Current service cost	49	47
Interest expense/(income)	30	21
Amount recognised in Statement of profit and loss	79	68
Remeasurements:		
Actuarial (gain)/loss arising from:		
Financial assumptions	3	(26)
Experience adjustment	32	59
Amount recognised in other comprehensive income	35	33
Liabilities transfer out	(8)	-
Benefits paid	(51)	(51)
Balance at the end of the year	454	399
Non-current	385	340
Current	69	59
	454	399

a) The assumptions used for gratuity valuation are as below:

	March 31, 2024	March 31, 2023
Discount rate	7.2%	7.3%
Expected return on plan assets	NA	NA
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 6 years (March 31, 2023 - 6 years).

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

b) Sensitivity analysis

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

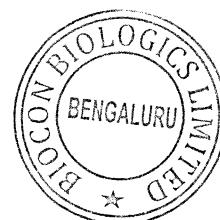
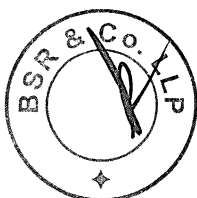
Particulars	March 31, 2024		March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(21)	24	(19)	21
Salary increase (1% change)	23	(21)	20	(19)
Attrition rate (1% change)	(4)	4	(3)	3

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, 2024	March 31, 2023
1st following year	69	59
2nd following year	53	49
3rd following year	62	47
4th following year	45	52
5th following year	48	37
Years 6 to 10	427	383

- (ii) The Group provides for compensated absences to its employees. The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service years. During the year ended March 31, 2024, the Group has incurred an expense on compensated absences amounting to Rs. 131 (March 31, 2023: Rs. 117). The Group determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.





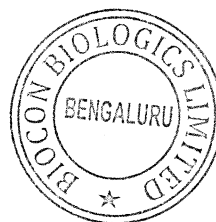
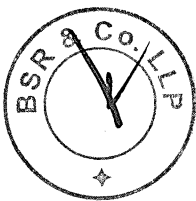
**Sensitivity analysis**

For the fair values of forward contracts and options contracts of foreign currencies and interest rate swaps, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

	March 31, 2024		March 31, 2023	
	Impact on other components of equity		Impact on other components of equity	
Significant observable inputs	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(4)	(18)	(82)	82
Interest rates (100 bps movement)	743	(743)	139	(139)

**C. Significant Unobservable inputs used in Level 3 Fair Values**

As at March 31, 2024	Valuation Techniques	Significant unobservable inputs	Sensitivity of input to fair value
a) Contingent consideration receivable (refer note 35)	Binomial Option Pricing Model - using risk free discount rate and growth rate.	a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 17 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 17 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Rs. 46 loss in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 52 gain in Statement of Profit and loss.
b) Contingent consideration payable (refer note 35)	Binomial Option Pricing Model - using risk free discount rate and growth rate. The fair value is equal to the present value of the probability - weighted future payoffs	a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 231 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 233 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Rs. 114 gain in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 76 loss in Statement of Profit and loss.
c) Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	Equivalent to Face value	Not Applicable	Not Applicable
d) Optionally Convertible Debentures ("BL OCD")	Binomial Option Pricing Model - using risk free discount rate and growth rate. The fair value is equal to the present value of the probability - weighted future payoffs	a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 96 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 98 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Nil gain in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 3 loss in Statement of Profit and loss.
e) Derivative liability towards Compulsory Convertible Debentures ("CCD")	Binomial Option Pricing Model - using risk free discount rate and growth rate. The fair value is equal to the present value of the probability - weighted future payoffs	a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 56 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 58 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Rs. 94 loss in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 86 gain in Statement of Profit and loss.



As at March 31, 2023	Valuation Techniques	Significant unobservable inputs	Sensitivity of input to fair value
a) Contingent consideration receivable (refer note 35)	Binomial Option Pricing Model - using risk free discount rate and growth rate.	a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 100 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 107 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Rs. 467 loss in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 530 gain in Statement of Profit and loss.
b) Contingent consideration payable (refer note 35)	Binomial Option Pricing Model - using risk free discount rate and growth rate. The fair value is equal to the present value of the probability - weighted future payoffs	a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 265 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 268 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Rs. 78 gain in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 365 loss in Statement of Profit and loss.
c) Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	Equivalent to Face value	Not Applicable	Not Applicable

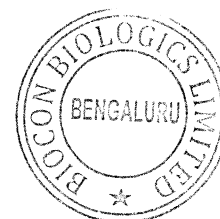
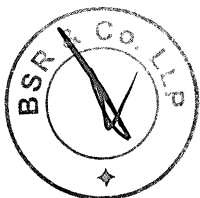
#### D. Reconciliation of Level 3 fair values

	Contingent consideration receivable	Contingent consideration payable	NCRPS	BL OCD	OCRPS	Derivative Liability on CCD
<b>At April 01, 2022</b>	-	-	2,054	-	10,810	-
Assumed in a business combination (refer note 35)	10,251	7,366	-	-	-	-
- Net change in fair value loss (unrealised)	(1,323)	-	-	-	-	-
- Net change in fair value gain (unrealised)	-	(783)	-	-	-	-
Derecognised on account of conversion to Equity shares (refer note 12)	-	-	-	-	(10,810)	-
Foreign currency translation adjustment	65	-	-	-	-	-
<b>At March 31, 2023</b>	8,993	6,583	2,054	-	-	-
Assumed in a business combination (refer note 35)	-	-	-	-	-	-
- Fair value of derivative embedded in CCD at inception [refer note 13(j)]	-	-	-	-	-	1,039
- Net change in fair value loss (unrealised)	-	843	-	-	-	123
- Net change in fair value gain (unrealised)	1,895	-	-	-	-	-
- Proceeds from issue of BL OCD [refer note 13(i)]	-	-	-	5,000	-	-
- Net change in fair value loss (unrealised) recognised in Finance cost [refer note 13(i)]	-	-	-	701	-	-
Derecognised on account of receipt of Working capital Claw back [refer note 40(b)]	(10,219)	-	-	-	-	-
Foreign currency translation adjustment	81	-	-	-	-	-
<b>At March 31, 2024</b>	750	7,426	2,054	5,701	-	1,162

#### E. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk



**(i) Risk management framework**

The Group'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 (refer note 13).

**(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 from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the balance sheet. The Group uses ageing analysis to monitor the credit quality of its receivables.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables, unbilled revenue and other receivables. The exposure to credit risk as at reporting date amounts to Rs 297 (March 31, 2023: Rs 27).

Allowance for impairment	March 31, 2024	March 31, 2023
Opening Balance	27	27
Impairment loss recognised*	270	-
<b>Closing Balance</b>	<b>297</b>	<b>27</b>

\* included as part of TSA expense under the head other expenses.

Refer to Note 10 for details of ageing of trade receivables and allowance for credit losses. Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

Trade receivables including unbilled revenue from one individual customer is Rs. 9,565 (March 31, 2023 - Rs. 6,689) which is individually more than 10 percent of the Group's trade receivables including unbilled revenue.

Credit risk on cash and cash equivalents is limited as the Group generally transacts with Banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation (refer note 13).

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2024:

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	26,748	26,063	85,314	795	138,920
Lease liabilities	678	559	1,177	115	2,529
Trade payables	56,806	-	-	-	56,806
Derivative liabilities	2	1	1,162	-	1,165
Other financial liabilities	32,491	-	7,426	-	39,917
<b>Total</b>	<b>116,725</b>	<b>26,623</b>	<b>95,080</b>	<b>910</b>	<b>239,337</b>

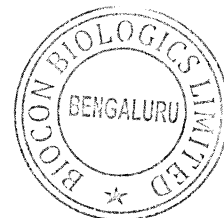
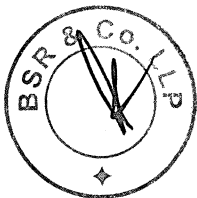
The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2023:

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	12,197	8,003	123,911	712	144,823
Lease liabilities	525	519	905	421	2,370
Trade payables	31,306	-	-	-	31,306
Derivative liabilities	131	21	-	-	152
Other financial liabilities	4,474	32,156	-	-	36,630
<b>Total</b>	<b>48,633</b>	<b>40,699</b>	<b>124,816</b>	<b>1,133</b>	<b>215,281</b>

**(iv) Market risk**

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

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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**

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

**Foreign currency risk**

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Group holds derivative instruments such as cash flow hedge contracts, foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at March 31, 2024 and March 31, 2023 are expressed in Indian Rupees Million as below:

March 31, 2024	USD	EUR	Others
<b>Financial assets</b>			
Investments	109	-	-
Trade receivables	38,328	7,651	2,015
Cash and cash equivalents	6,603	833	492
Other bank balance	21	-	-
Derivative assets	955	-	-
Other financial assets	1,200	-	-
<b>Financial liabilities</b>			
Non-current borrowings	(102,517)	-	-
Current borrowings	(12,338)	-	-
Derivative liabilities	(3)	-	-
Trade payables	(37,388)	(5,668)	(9,189)
Lease liabilities	(249)	-	(77)
Other financial liabilities	(36,364)	(488)	(639)
<b>Net liabilities</b>	<b>(141,643)</b>	<b>2,328</b>	<b>(7,398)</b>
<b>March 31, 2023</b>	<b>USD</b>	<b>EUR</b>	<b>Others</b>
<b>Financial assets</b>			
Investments	29	-	-
Trade receivables	12,904	5,488	3,052
Cash and cash equivalents	5,585	2,302	302
Other bank balance	26	-	-
Derivative assets	211	-	-
Other financial assets	9,080	157	11
<b>Financial liabilities</b>			
Non-current borrowings	(125,072)	-	-
Current borrowings	(3,041)	-	(287)
Derivative liabilities	(151)	-	-
Trade payables	(15,017)	(7,891)	(3,287)
Lease liabilities	(4)	-	-
Other financial liabilities	(34,791)	(62)	(128)
<b>Net liabilities</b>	<b>(150,241)</b>	<b>(7)</b>	<b>(337)</b>

**Sensitivity analysis**

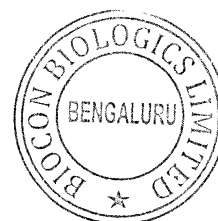
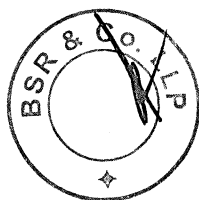
The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward/option contracts designated as cash flow hedges.

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(1,416)	(238)	(1,421)	(1,584)
INR/USD - Decrease by 1%	1,416	238	1,421	1,584
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	23	(10)	23	(1)
INR/EUR - Decrease by 1%	(23)	10	(23)	1

**Derivative financial instruments**

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

Particulars	March 31, 2024	March 31, 2023
	(in Million)	
Foreign exchange forward contracts to buy between 0-2 Years	USD 115	USD 116
Foreign exchange forward contracts to sell between 0-2 Years	USD 74	-
European style option contracts with periodical maturity dates between 0-2 Years	USD 17	USD 25
European style range forward contracts with periodical maturity dates between 0-2 Years	USD 108	USD 108
Interest rate swaps used for hedging LIBOR component in external commercial borrowings and term loan	USD 435	USD 75



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

The Group's main interest rate risk arises from non-current borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended March 31, 2024 and March 31, 2023 the Group's borrowings at variable rate were denominated in INR and USD.

**(a) Interest rate risk exposure**

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

Particulars	March 31, 2024	March 31, 2023
Variable rate borrowings	114,881	115,731
Fixed rate borrowings	24,039	29,092
<b>Total borrowings</b>	<b>138,920</b>	<b>144,823</b>

**(b) Sensitivity**

The Group policy is to maintain a optimum balance between fixed and variable rate borrowings using interest rate swaps to achieve this when necessary. The Group is therefore subject to interest rate risk as defined under Ind AS 107.

A reasonably possible change of 100 basis points in interest rates for variable rate borrowings at the reporting date would have increased (decreased) equity and profit or loss by Rs. 1,149 (March 31, 2023 : Rs. 1,157)

**Net Investment hedges**

A foreign currency exposure arises from the Group's net investment in its UK subsidiary that has a USD functional currency. The risk arises from the fluctuation in spot exchange rates between the USD and the INR, which causes the amount of the net investment to vary.

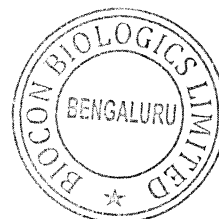
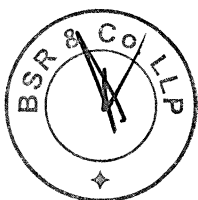
The hedged risk in the net investment hedge is the risk of a weakening USD against the INR that will result in a reduction in the carrying amount of the Group's net investment in the UK subsidiary.

During the current year, the Group designated a USD denominated loan as a hedging instrument to hedge its net investment in foreign operation of the UK subsidiary, which mitigates the foreign currency risk arising from the subsidiary's net assets.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

			March 31, 2024			
	Nominal Amount	Assets	Liabilities	Balance sheet item where the hedging instrument is included	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss
<b>Hedging Instrument</b>						
Foreign exchange denominated debt (USD)	6,251	-	(6,251)	Borrowings	(87)	-
<b>Hedged item</b>						
USD net investment	6,251	6,251	-	Net investment	87	-
			March 31, 2023			
	Nominal Amount	Assets	Liabilities	Balance sheet item where the hedging instrument is included	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss
<b>Hedging Instrument</b>						
Foreign exchange denominated debt (USD)	6,164	-	(6,164)	Borrowings	(470)	-
<b>Hedged item</b>						
USD net investment	6,164	6,164	-	Net investment	470	-

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**BIOCON BIOLOGICS LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2024

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

**32. Capital management**

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Group focused on keeping strong total capital 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 Group (refer note 12 and 13).

To maintain a stable capital structure, in previous year the Group had issued equity shares (refer note 12) for a consideration (net of issue expense) of Rs. 65,265.

The Group has issued NCRPS to the Holding Company which are classified as financial liabilities in these financial statements. However, the Group has considered NCRPS as part of capital for below disclosure.

The Group's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future period.

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

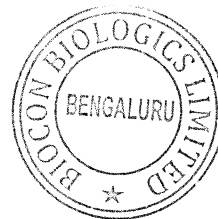
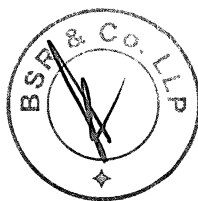
The capital structure as of March 31, 2024 and March 31, 2023 was as follows:

Particulars	March 31, 2024	March 31, 2023
Total equity	183,409	176,076
Preference share capital (NCRPS)	2,054	2,054
<b>Total capital attributable to the shareholders of the Company (including NCRPS)</b>	<b>185,463</b>	<b>178,130</b>
As a percentage of total capital	58%	56%
Non-current borrowings *	110,118	130,572
Current borrowings	26,748	12,197
<b>Total borrowings</b>	<b>136,866</b>	<b>142,769</b>
As a percentage of total capital	42%	44%
<b>Total capital (Equity capital, preference capital and borrowings)</b>	<b>322,329</b>	<b>320,899</b>

\* includes OCD amounting to Rs. 14,939 (March 31, 2023 : Rs. 14,030) [refer note 13(h)]

\* includes BL OCD amounting to Rs. 5,701 (March 31, 2023 : Nil) [refer note 13 (i)]

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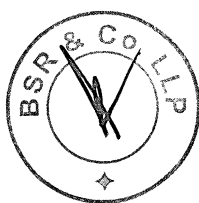


**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**
**33. Interest in other entities**
**(a) Subsidiaries**

The Group's subsidiaries as at March 31, 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the Group (%)		Principal activities
		March 31, 2024	March 31, 2023	
Biocon Biologics UK Limited	United Kingdom	100	100	Sale of biopharmaceutical products
Biocon Sdn Bhd	Malaysia	100	100	Manufacturing and sale of biopharmaceutical products
Biocon Biologics Inc.	United States of America	100	100	Sale of biopharmaceutical products
Biocon Biologics Healthcare Malaysia Sdn Bhd	Malaysia	100	100	Sale of biopharmaceutical products
Biocon Biologics Do Brasil LTDA	Brazil	100	100	Sale of biopharmaceutical products
Biocon Biologics FZ LLC	United Arab Emirates	100	100	Sale of biopharmaceutical products
Biosimilars Newco Limited	United Kingdom	100	100	Sale of biopharmaceutical products
Biosimilar Collaborations Ireland Limited	Ireland	100	100	Sale of biopharmaceutical products
Biocon Biologics Germany GmbH	Germany	100	100	Sale of biopharmaceutical products
Biocon Biologics Canada Inc.	Canada	100	100	Sale of biopharmaceutical products
Biocon Biologics France S.A.S	France	100	-	Sale of biopharmaceutical products
Biocon Biologics Switzerland AG	Switzerland	100	-	Sale of biopharmaceutical products
Biocon Biologics Belgium.	Belgium	100	-	Sale of biopharmaceutical products
Biocon Biologics Spain S.L.U	Spain	100	-	Sale of biopharmaceutical products
Biocon Biologics Finland OY	Finland	100	-	Sale of biopharmaceutical products
Biocon Biologics Greece SINGLE MEMBER P.C	Greece	100	-	Sale of biopharmaceutical products
Biocon Biologics (Thailand) Co., Ltd.	Thailand	100	-	Sale of biopharmaceutical products
Biocon Biologics Morocco S.R.L	Morocco	100	-	Sale of biopharmaceutical products
Biocon Biologics South Africa (Pty) Ltd.	South Africa	100	-	Sale of biopharmaceutical products
BIOCON BIOLOGICS PHILIPPINES INC.	Philippines	100	-	Sale of biopharmaceutical products
BIOCON BIOLOGICS ITALY S.R.L.	Italy	100	-	Sale of biopharmaceutical products
Biocon Biologics Croatia LLC	Croatia	100	-	Sale of biopharmaceutical products

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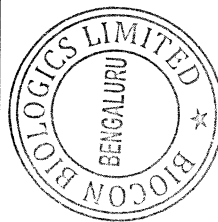
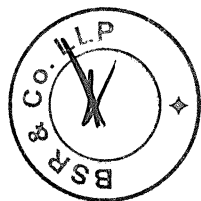
**BIOCON BIOLOGICS LIMITED**

**Notes to consolidated financial statements for the year ended March 31, 2024**

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

**34. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary**

Name of Entity	Net assets as at March 31, 2024		Share in profit or loss for the year ended March 31, 2024		Share in other comprehensive income for the year ended March 31, 2024		Share in total comprehensive income for the year ended March 31, 2024	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Biologics Limited	40%	179,106	333%	3,683	22%	175	201%	3,858
<b>Subsidiaries</b>								
<b>Foreign</b>								
Biocon Sdn Bhd	0%	(1,495)	-161%	(1,786)	0%	-	-93%	(1,785)
Biocon Biologics UK Limited	25%	107,971	433%	4,788	0%	-	250%	4,788
Biocon Biologics Healthcare Malaysia Sdn Bhd	0%	(1)	0%	(0)	0%	-	0%	(0)
Biocon Biologics Inc	0%	681	56%	623	0%	-	32%	623
Biocon Biologics Canada Inc.	0%	29	3%	29	0%	-	1%	29
Biocon Biologics Do Brasil LTDA	0%	85	0%	4	0%	-	0%	4
Biocon Biologics FZ LLC	0%	91	1%	7	0%	-	0%	7
Biosimilars Newco Limited	25%	112,258	-248%	(2,746)	78%	638	-109%	(2,108)
Biosimilar Collaborations Ireland Limited	10%	46,737	-320%	(3,546)	0%	-	-185%	(3,546)
Biocon Biologics France S.A.S	0%	32	3%	31	0%	-	2%	31
Biocon Biologics Germany GMBH	0%	12	1%	9	0%	-	0%	9
Biocon Biologics Switzerland AG	0%	5	0%	1	0%	-	0%	1
Biocon Biologics Belgium.	0%	4	0%	2	0%	-	0%	2
Biocon Biologics Spain S.L.U	0%	3	0%	4	0%	-	0%	4
Biocon Biologics Finland OY	0%	1	0%	1	0%	-	0%	1
Biocon Biologics Greece SINGLE MEMBER P.C	0%	3	0%	3	0%	-	0%	3
Biocon Biologics (Thailand) Co., Ltd.	0%	(1)	0%	(1)	0%	-	0%	(1)
Biocon Biologics Morocco S.R.L	0%	1	0%	1	0%	-	0%	1
Biocon Biologics South Africa (Pty) Ltd.	0%	0	0%	(0)	0%	-	0%	(0)
Biocon Biologics Philippines Inc.	0%	17	0%	0	0%	-	0%	0
Biocon Biologics Italy S.R.L.	0%	1	0%	-	0%	-	0%	-
Biocon Biologics Croatia LLC	0%	0	0%	-	0%	-	0%	-
<b>Gross Total</b>	<b>100%</b>	<b>445,542</b>	<b>100%</b>	<b>1,107</b>	<b>100%</b>	<b>813</b>	<b>100%</b>	<b>1,921</b>
Adjustment arising on consolidation		(262,133)		1,075		1,797		2,871
<b>Total</b>		<b>183,409</b>		<b>2,182</b>		<b>2,610</b>		<b>4,792</b>

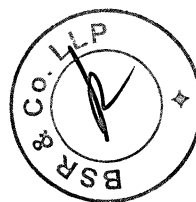


**BIOCON BIOLOGICS LIMITED**

**Notes to consolidated financial statements for the year ended March 31, 2024**

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

Name of Entity	Net assets as at March 31, 2023		Share in profit or loss for the year ended March 31, 2023		Share in other comprehensive income for the year ended March 31, 2023		Share in total comprehensive income for the year ended March 31, 2023	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Biologics Limited	41%	167,856	1403%	(4,453)	100%	8	1439%	(4,445)
<b>Subsidiaries</b>								
<b>Foreign</b>								
Biocon Sdn Bhd	0%	(624)	-600%	1,905	0%	-	-617%	1,905
Biocon Biologics UK Limited	23%	95,730	-1322%	4,190	0%	-	-1356%	4,190
Biocon Biologics Healthcare Malaysia Sdn Bhd	0%	(1)	0%	-	0%	-	0%	-
Biocon Biologics Inc	0%	57	-4%	14	0%	-	-5%	14
Biocon Biologics Do Brasil LTDA	0%	80	0%	1	0%	-	0%	1
Biocon Biologics FZ LLC	0%	83	-2%	5	0%	-	-2%	5
Biosimilars Newco Limited	24%	96,365	1020%	(3,237)	0%	-	1047%	(3,237)
Biosimilar Collaborations Ireland Limited	12%	49,579	-396%	1,258	0%	-	-407%	1,258
<b>Gross Total</b>	<b>100%</b>	<b>409,126</b>	<b>100%</b>	<b>(317)</b>	<b>100%</b>	<b>8</b>	<b>100%</b>	<b>(309)</b>
Adjustment arising on consolidation		(233,049)		1,652		1,529		3,181
<b>Total</b>		<b>176,076</b>		<b>1,335</b>		<b>1,537</b>		<b>2,872</b>



**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2024**

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

**35 Business combination**

On February 27, 2022, the Group entered into a definitive agreement with its collaboration partner Viatris Inc. to acquire Viatris' biosimilars business to create a fully integrated global biosimilars enterprise, at a total consideration of Rs. 247,255, including cash of Rs. 156,645 and Compulsorily Convertible Preference Shares ('CCPS') in BBL of Rs. 82,181. The said transaction obtained necessary regulatory and other approvals and the closing conditions were satisfied on November 29, 2022 pursuant to which, the Group acquired control over the Viatris' biosimilar business through subsidiaries Biosimilars Newco Limited (UK) and Biosimilar Collaborations Ireland Limited. The Company has accounted for the transaction under Ind AS 103, "Business Combinations". The acquired business have been consolidated effective November 29, 2022, the consummation date.

The Group along with Viatris, the seller determined the working capital balances taken over by Biocon Biologics as part of the acquisition. The Group has completed the purchase price allocation between goodwill, intangible assets and other working capital balances taken over.

Below is the details of purchase price allocation:

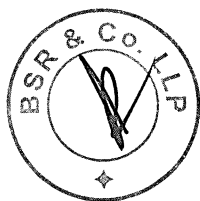
	<b>Amount</b>
Cash	156,645
0.001% Compulsorily Convertible Preference Shares (CCPS)	82,181
Equity shares *	0
Deferred consideration payable	27,940
Contingent consideration receivable	(10,251)
Settlement of pre-existing relationship	(9,260)
<b>Total consideration</b>	<b>247,255</b>
<b>Assets acquired</b>	
Trade receivables	14,790
Inventories	13,742
Other assets	253
Goodwill	159,900
<b>Product related intangibles (refer note (g) below)</b>	
Brands	2,632
License to the patents	29,114
Other product related Intangibles	60,868
<b>Liabilities assumed</b>	
Trade payables	(30,687)
Provision for sales return	-
Deferred tax liability	(3,357)
<b>Total net assets acquired</b>	<b>247,255</b>

\*below rounding-off norms

- (a) CCPS were fair valued using Binomial Option Pricing Model at Rs. 82,181. Each CCPS shall be convertible into equity shares at any time at the option of the holder at a conversion rate of 1:1. The Company has an obligation to issue further equity shares to Mylan Inc, subject to maximum of 61,562,420 equity shares, such that the fair value of the equity holding post conversion is atleast USD 1,000 Mn. The issue of additional shares results in contingent consideration. The CCPS on initial recognition has been bifurcated into equity component of Rs. 74,815 (fixed to fixed conversion) and contingent consideration (derivative liability) of Rs. 7,366. At March 31, 2024, the fair value of contingent consideration is Rs. 7,426 (March 31, 2023: Rs. 6,583).
- (b) The Group has issued one equity share at fair value of Rs. 280.74 per share, based on the valuation report by the independent valuer.
- (c) The Group has agreed for deferred consideration payable after 18-24 months from the acquisition date, fair valued at Rs. 27,940.
- (d) Contingent consideration receivable amount will be due from Viatris Inc to the Company provided the value of CCPS at the time of conversion is USD 1,000 Mn. If the value of CCPS at the time of conversion is below USD 1,000 Mn, Viatris Inc will adjust shortfall against Contingent consideration receivable to the maximum cap of USD 250 Mn.

Considering that the amount of Contingent consideration receivable is dependent on the value of the CCPS at the time of conversion event, a Binomial Option Pricing Model has been applied to estimate the future equity value of the Company and Contingent consideration receivable is fair valued at Rs. 10,251. [Refer Note 40(h)]

- (e) The Group and Viatris had entered into an arrangement, to collaborate to develop, manufacture and commercialize certain biosimilar products. In line with Ind AS 103, settlement of pre-existing relationship did not result in any gain or loss in statement of profit and loss since the transaction was at arm's length. Liability towards pre-existing relationship amounting to Rs. 9,260 has been de-recognised with a corresponding impact to Goodwill.
- (f) The Goodwill of Rs. 159,831 consists largely of the synergies and economies of scale expected from the acquired business, together with the value of the workforce acquired. The Goodwill generated on acquisition of business amounting to Rs. 126,708 is deductible for tax purposes, while remaining portion is non-deductible for tax purposes.



**BIOCON BIOLOGICS LIMITED**

**Notes to consolidated financial statements for the year ended March 31, 2024**

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

- (g) The valuation techniques used for measuring the fair value of material assets acquired were as follows:

**Intangible assets** - Relief from-royalty method and multi-period excess earnings method.

Brands - The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned.

License to the patents and other product related intangibles - The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the Intellectual Property rights, by excluding any cash flows related to contributory assets.

**Inventory -**

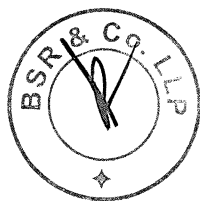
Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

- (h) Acquisition related costs amounted to Rs. 2,374 and were excluded from the consideration transferred and were recognised as expense under "Exceptional items" in the Statement of profit and loss for the year ended March 31, 2023 [refer note 40(a)].
- (i) For the period November 29, 2022 till March 31, 2023, acquired business contributed revenue of Rs. 22,074, Profit before tax, interest, depreciation, amortisation and exceptional items of Rs. 4,007 and Profit before tax and exceptional items of Rs. 73 to the Group's results.

For financial year ended March 31, 2023, if the acquisition had occurred on April 1, 2022, management estimates that consolidated revenue would have been Rs. 99,269, consolidated Profit before tax, interest, depreciation, amortisation and exceptional items of Rs. 21,263 and consolidated Profit before tax and exceptional items for the year would have been Rs. 4,173. In determining these estimates, the management has annualised the revenue and profitability of the acquired business for the period November 29, 2022 till March 31, 2023.

- (j) The Group has entered into Transition Support Agreement ('TSA') with Viatris Inc to provide commercial and other transition services to ensure continuity of customer service and smooth transition to BBL.

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**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2024**

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

**36. Contingent liabilities and commitments**

(to the extent not provided for)

**(i) Contingent liabilities**

(a) Claims against the Group not acknowledged as debt

**March 31, 2024**      **March 31, 2023**

1,170      1,111

The above includes

(i) Direct taxation

1,045      986

(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)

125      125

The Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Group believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.

Other than the matter disclosed above, the Group is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters will not have any material adverse effect on the Group's financial position and results of operations.

**(ii) Commitments:**

(b) Estimated amount of contracts remaining to be executed on capital account and not provided for

9,086      7,592

**37. Earning per equity share (EPS) :****Earnings**

For Basic EPS

2,182      1,335

For Dilutive EPS [refer note (c) below]

2,182      552

**Weighted average shares**

For computing basic EPS [refer note (a) and (c) below]

1,560,883,944      1,242,977,197

Adjustments for calculation of diluted earnings per share [refer note (b)] :

- OCRPS (till date of conversion)

-      12,342,820

- Employee stock options

5,894,446      4,178,900

- CCPS

-      20,577,028

For computing diluted EPS

1,566,778,390      1,280,075,946

**Earnings per equity share**

Basic (in Rs)

1.40      1.07

Diluted (in Rs)

1.39      0.43

(a) Excludes Treasury shares

(b) Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

(c) Weighted average shares considered for computing basic EPS includes the effect of mandatory conversion of CCPS for the current period and accordingly the comparative period has been adjusted. CCPS are anti-dilutive as at March 31, 2024. The earnings for dilutive EPS in the comparative period is adjusted with the fair value gain on contingent consideration payable related to CCPS.

**38. Segmental reporting**

The Chief Operating Decision Maker reviews the operations of the Group as Pharmaceutical business, which is considered to be the only reportable segment by the management.

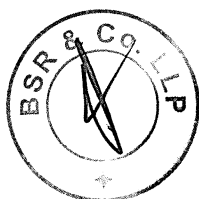
**Geographical segment**

For details of revenue by geography please refer to note 19.1

**Non-current assets**

Particulars	March 31, 2024	March 31, 2023
India	35,849	33,733
European union (including Ireland)	65,756	65,735
UK	197,201	202,679
Malaysia	27,664	27,547
Rest of the world	288	8
<b>Total</b>	<b>326,758</b>	<b>329,702</b>

Note: Non-current assets excludes derivative assets, income tax and deferred tax assets.



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2024**
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**
**39. Employee stock compensation**
**a) Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24**

On July 21, 2021, Board of Directors of the Company approved the Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24 ('RSU Plan 2022') for the grant of Restricted stock units to the employees of the Company and its subsidiaries. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon Biologics Employees Welfare Trust.

In August 2021, based on the approval of the Board, the Company granted RSUs to its employees under this Plan. For grants made before August 1, 2021, the options would vest to the employees as 33%, 33% and 34% of the total grant at the end of first, second and third year, respectively from the date of grant. For grants made in August 2022 and October 2022, the vesting would be 50% and 50% of the total grant at the end of first and second year, respectively from the date of grant. For grants made in July 2023, October 2023 and January 2024 the vesting would be 100% of the total grant at the end of first year. Exercise period is 3 years for each grant. These options are exercisable at Rs. 10 per RSU. The RSU Plan provides for certain market and non-market conditions for vesting which are measured through revenue, profit, achievement of key milestones and share price increase.

**b) Biocon Biologics Limited Restricted Stock Units Plan 2023**

On February 22, 2023, Board of Directors of the Company approved the Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2023 ('RSU Plan 2023') for the grant of Restricted stock units to the employees of the Company and its subsidiaries. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employees Welfare Trust.

In March 2023, based on the approval of the Board, the Company granted RSUs to its employees under this Plan. The options under this grant would vest to the employees as 25% in first year after the grant date, 25% on the event of IPO, 25% after the expiry of one year from IPO date and 25% after the expiry of 2 years from the IPO date. The options are exercisable only on the event of an IPO and exercise period shall be one year from the date of last vesting. These options are exercisable at Rs. 10 per RSU.

Particulars	March 31, 2024		March 31, 2023	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
<b>RSU Plan 2022</b>				
Outstanding at the beginning of the year	5,637,231	10	5,142,857	10
Granted during the year	1,873,818	10	1,315,802	10
Lapses/forfeited during the year	660,462	10	805,518	10
Exercised during the year*	33,590	10	15,911	10
Expired during the year	-	-	-	-
Outstanding at the end of the year	6,816,996	10	5,637,231	10
Exercisable at the end of the year	2,954,271	10	1,272,862	10
Weighted average remaining contractual life (in years)	3.6		4.3	-
Weighted average fair value of options granted	240.4		214.3	-
<b>RSU Plan 2023</b>				
Outstanding at the beginning of the year	2,039,997	10	-	-
Granted during the year	9,550	10	2,039,997	10
Lapses/forfeited during the year	466,927	10	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,582,620	10	2,039,997	10
Exercisable at the end of the year	393,268	10	-	10
Weighted average remaining contractual life (in years)	3.9		5	-
Weighted average fair value of options granted	241.4		229.3	-

\* For the year ended March 31, 2024 pending allotment.

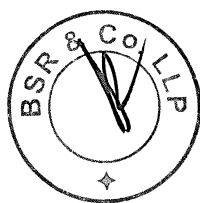
Assumptions used in determination of the fair value of the stock options under the option pricing model for the grants during the year are as follows:

Particulars	For options granted in			
	March 31, 2024 RSU Plan 2022	March 31, 2024 RSU Plan 2023	March 31, 2023 RSU Plan 2022	March 31, 2023 RSU Plan 2023
Weighted Average Exercise Price	10	10	10	10
Expected volatility*	31.3% - 32.2%	39.5% - 44.7%	39.9% - 43.5%	39.5% - 44.7%
Life of the options granted (vesting and exercise period) in years	4	5	5	5
Average risk-free interest rate	7.0% - 7.2%	7.1% - 7.4%	6.4% - 6.7%	7.1% - 7.4%
Expected dividend rate	0%	0%	0%	0%

\* The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Company has recorded an amount of Rs 730 (March 31, 2023: 447) as cost of the above RSU Plan in the statement of profit and loss.

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



**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2024**

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

Total number of options outstanding	March 31, 2024	March 31, 2023
ESOP Plan 2000	886,555	2,364,629
RSU Plan 2019 #	3,598,640	4,237,141

# adjusted for the impact of bonus issue

The Group has recorded an amount of Rs 87 (March 31, 2023: Rs. 259) as cost of the above stock option plans based on amounts cross charged by its Holding company.

**40. Exceptional item**

- a) The Group obtained services of professional experts (like advisory, legal counsel, valuation experts etc.) for the acquisition completed during the year, as mentioned in note 35. The Group has recorded Rs. 1,582 (March 31, 2023: Rs 2,374) as an expense in the consolidated statement of profit and loss. Consequential tax impact of Rs. 80 (March 31, 2023: Rs. 231) is included within tax expense.

Further, pursuant to the said acquisition, the Group also reassessed the value of certain licensed products for development and commercialization and recorded an impairment of certain intangible assets amounting to Rs. 470 in previous year March 31, 2023. The impairment has been recognized during the previous year ended March 31, 2023. Consequential tax impact of Rs. 62 is included within tax expense for the year ended March 31, 2023.

- b) The Group has received Rs. 18,269 (USD 220 million) towards working capital under the terms of the definitive agreement [refer note 35(d)] [out of total contingent consideration receivable of Rs. 20,835 (USD 250 million)]. The Group had recorded these receivables at fair value of Rs. 10,219 at the time of settlement having regard to the timing and probability of recovery. The resulting difference of Rs. 8,050 is recorded as a gain in the consolidated statement of profit and loss. Consequential tax impact of Rs. 407 is included within tax expense for year ended March 31, 2024. The remaining contingent consideration receivable of USD 30 Mn is recorded at fair value at Rs. 750 under "other financial assets" [refer note 5(a)]
- c) The Group has recorded Provision for inventory for a product due to its low demand and consequentially lower probability of liquation amounting Rs. 2,366 in the consolidated statement of profit and loss. Consequential tax impact of Rs. 296 is included within tax expense for year ended March 31, 2024.
- d) The Group on pursuant to the uncertainty of ability to commercialize a product for development and commercialization in certain territories, recorded an impairment of the carrying value of the intangible asset under development amounting Rs. 3,854 that has been disclosed in the consolidated statement of profit and loss for year ended March 31, 2024.
- e) Ministry of Chemicals and fertilizers, Department of Pharmaceuticals issued an Corrigendum on 20 October 2023 vide File No. 31026/99/2020 clarifying the operational guidelines for the Production Linked Incentive (PLI) Scheme with total capping of 33% in any of the four years. Accordingly, the Group during the year ended 31 Mar 2024, has reversed Rs. 82 as exceptional items. Consequential tax impact of Rs. 11 is included within tax expense for the year.

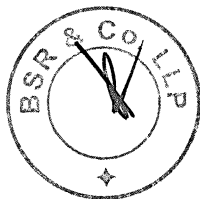
- 41 On January 03, 2022, the Board of Directors of the Company had approved the scheme of Merger by Absorption ('the Scheme') of Covidshield Technologies Private Limited ("CTPL" or the Transferor company), a wholly owned subsidiary of Serum Institute Life Sciences Private Limited ("SILS"), with and into the Company (the Transferee company) with an appointed date of October 01, 2022. The Scheme was subject to the requisite statutory approvals including approval of National Company Law Tribunal ("NCLT").

During the year ended March 31, 2024, the Company and SILS mutually determined to re-evaluate the merger and accordingly have agreed to withdraw from the said merger proposal.

**42. Events after the reporting date**

- a) In March 2024, the Company has entered into a long-term commercial collaboration agreement with Eris Lifesciences, subject to closure of customary closing conditions, for the sale of its business in relation to Metabolics, Oncology, and Critical Care products in India for a consideration of Rs. 12,420. As a part of deal the company has signed a 10-year supply agreement with Eris. The transaction has come into effect on April 1, 2024.

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**BIOCON BIOLOGICS LIMITED**

**Notes to consolidated financial statements for the year ended March 31, 2024**

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

**43. Other statutory information**

- (i) The Company do 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 did 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 do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (iv) The Group is not declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (v) The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

**44.** 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.

As per our report of even date attached

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022



Sanjay Sharma  
Partner

Membership No.: 063980

for and on behalf of the **Board of Directors of Biocon Biologics Limited**



Kiran Mazumdar-Shaw  
Executive Chairperson  
DIN: 00347229



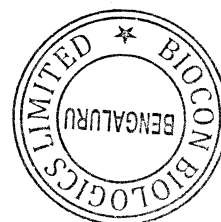
Shreehas P Tambe  
Managing Director  
DIN: 09796480



Kedar Upadhye  
Chief Financial Officer



Deepika Srivastav  
Company Secretary



Bengaluru

Date: May 15, 2024

Bengaluru

Date: May 14, 2024

# B S R & Co. LLP

Chartered Accountants

Embassy Golf Links Business Park,  
Pebble Beach, B Block, 3rd Floor,  
No. 13/2, off Intermediate Ring Road,  
Bengaluru 560 071 India  
Tel: +91 80 4682 3000  
Fax: +91 80 4682 3999

## Independent Auditor's Report

### To the Members of Biocon Biologics Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Biocon Biologics Limited (hereinafter referred to as the "Holding Company"), its employee welfare trust and its subsidiaries (Holding Company, its employee welfare trust and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements/financial information of such subsidiaries as were audited by the other auditors, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in paragraph (a) of the "Other Matter" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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

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

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

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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## Independent Auditor's Report (Continued)

### Biocon Biologics Limited

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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'/Board of Trustees' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

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

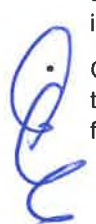
The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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



**Independent Auditor's Report (Continued)**

**Biocon Biologics Limited**

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 consolidated 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 appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

**Other Matter**

- a. We did not audit the financial statements / financial information of three subsidiaries, whose financial statements/financial information reflects total assets (before consolidation adjustments) of INR 75,381 Million as at 31 March 2023, total revenues (before consolidation adjustments) of INR 34,758 Million and net cash inflow (before consolidation adjustments) amounting to INR 73 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.





**Independent Auditor's Report (Continued)****Biocon Biologics Limited**

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements/financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

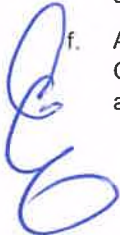
1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditor on separate financial statements/financial information of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, 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 Holding 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 and based on the consideration of the reports of the other auditors on separate financial statements/financial information of the subsidiaries, as noted in the "Other Matters" paragraph:
  - a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 36 (i) to the

**Independent Auditor's Report (Continued)**

**Biocon Biologics Limited**

consolidated financial statements.

- b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 31 to the consolidated financial statements in respect of such items as it relates to the Group.
- c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2023.
- d (i) The management of the Holding Company represented to us that, to the best of its knowledge and belief, as disclosed in the Note 43 to the consolidated 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 Holding 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 Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management of the Holding Company represented to us that, to the best of its knowledge and belief, as disclosed in the Note 43 to the consolidated financial statements, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding 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 final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.



**Independent Auditor's Report (Continued)**

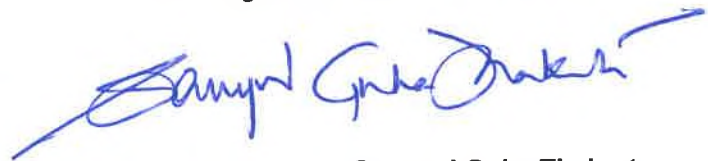
**Biocon Biologics Limited**

- C. In our opinion and according to the information and explanations given to us the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company are not in excess of the limit laid down under Section 197 of the Act. 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 No.:101248W/W-100022



**Sampad Guha Thakurta**

*Partner*

Place: Bengaluru

Date: 23 May 2023

Membership No.: 060573

ICAI UDIN:23060573BGYNBP8590

**Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Biocon Biologics 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)**

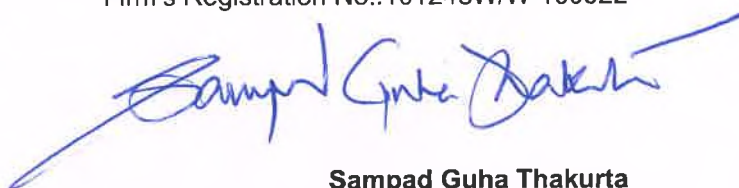
- (xxi) In our opinion and according to the information and explanations given to us, following company incorporated in India and included in the consolidated financial statements, has unfavourable remarks, qualification or adverse remarks given by its auditor in his report under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company/Sub sidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Biocon Biologics Limited	U24119KA2016 FLC093936	Holding Company	Clause 3(xvii)

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

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022



**Sampad Guha Thakurta**

*Partner*

Place: Bengaluru

Date: 23 May 2023

Membership No.: 060573

ICAI UDIN:23060573BGYNBP8590



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

**Report on the internal financial controls with reference to the aforesaid consolidated 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**

In conjunction with our audit of the consolidated financial statements of Biocon Biologics Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, a company incorporated in India under the Companies Act, 2013, as of that date.

In our opinion, the Holding Company, have, 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 Holding Company considering the essential components of such internal controls 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 Holding 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 Holding 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 the Holding 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 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 consolidated 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 internal financial controls with reference to financial statements.



**Annexure B to the Independent Auditor's Report on the consolidated financial statements of Biocon Biologics Limited for the year ended 31 March 2023  
(Continued)**

**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 consolidated 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 consolidated 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 consolidated financial statements.

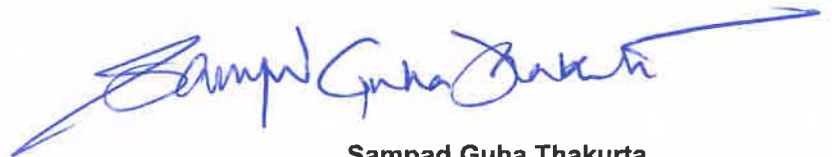
**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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 No.:101248W/W-100022



**Sampad Guha Thakurta**

*Partner*

Place: Bengaluru

Date: 23 May 2023

Membership No.: 060573

ICAI UDIN:23060573BGYNPD8590

**BIOCON BIOLOGICS LIMITED**
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023**

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

	Note	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipments	3(a)	36,748	24,172
Capital work-in-progress	3(a)	14,952	23,922
Right-of-use assets	3(b)	1,450	1,769
Goodwill	3(c)	161,098	-
Other Intangible assets	4	57,495	5,504
Intangible assets under development	4	46,463	6,166
Financial assets			
(i) Derivative assets		63	53
(ii) Other financial assets	5(a)	9,144	71
Income tax assets (net)		818	766
Deferred tax assets (net)	6	1,807	1,095
Other non-current assets	7(a)	2,351	1,533
<b>Total non-current assets</b>		<b>332,389</b>	<b>65,051</b>
<b>Current assets</b>			
Inventories	8	31,607	14,105
Financial assets			
(i) Current investments	9	492	207
(ii) Trade receivables	10	23,443	8,780
(iii) Cash and cash equivalents	11	8,877	1,537
(iv) Bank balance other than (iii) above	11	527	1,064
(v) Derivative assets		148	171
(vi) Other financial assets	5(b)	487	3,820
Other current assets	7(b)	3,678	2,216
<b>Total current assets</b>		<b>69,259</b>	<b>31,900</b>
<b>TOTAL</b>		<b>401,648</b>	<b>96,951</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12(a)	13,217	10,588
Other equity	12(b)	162,859	11,520
<b>Total equity</b>		<b>176,076</b>	<b>22,108</b>
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	13	132,626	31,664
(ii) Lease liabilities	27	1,316	1,575
(iii) Derivative liabilities		21	30
(iv) Other financial liabilities	18(a)	32,156	-
Provisions	14(a)	1,571	299
Deferred tax liabilities (net)	6	3,713	523
Other non-current liabilities	15(a)	582	9,589
<b>Total non-current liabilities</b>		<b>171,985</b>	<b>43,680</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	16	12,197	18,959
(ii) Lease liabilities	27	477	492
(iii) Trade payables	17		
-Total outstanding dues of micro and small enterprises		1,013	375
-Total outstanding dues of creditors other than micro and small enterprises		31,368	8,669
(iv) Derivative liabilities		131	106
(v) Other financial liabilities	18(b)	3,399	1,094
Provisions	14(b)	626	425
Income tax liabilities (net)		853	288
Other current liabilities	15(b)	3,523	755
<b>Total current liabilities</b>		<b>53,587</b>	<b>31,163</b>
<b>TOTAL</b>		<b>401,648</b>	<b>96,951</b>

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

As per our report of even date attached

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of Biocon Biologics Limited

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

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

**M. B. Chinappa**  
Chief Financial Officer

**Shreehas P Tambe**  
Managing Director  
DIN: 09796480

**Deepika Srivastava**  
Company Secretary



Bengaluru

 Date: **May 23, 2023**

Bengaluru F-98

Date: May 22, 2023

**BIOCON BIOLOGICS LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**

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

	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>Income</b>			
Revenue from operations	19	55,838	34,643
Other income	20	120	104
<b>Total income</b>		<b>55,958</b>	<b>34,747</b>
<b>Expenses</b>			
Cost of raw materials and packing materials consumed	21	11,098	9,547
Purchases of traded goods		6,240	1,467
Changes in inventories of finished goods, traded goods and work-in-progress	22	(1,310)	(977)
Employee benefits expense	23	8,488	7,169
Finance costs	24	2,969	668
Depreciation and amortisation expense	25	6,382	4,029
Other expenses	26	21,956	12,176
		<b>55,823</b>	<b>34,079</b>
Less: Recovery of cost from co-development partners (net)		(3,895)	(4,764)
<b>Total expenses</b>		<b>51,928</b>	<b>29,315</b>
<b>Profit before tax and exceptional items</b>		<b>4,030</b>	<b>5,432</b>
Exceptional items	40	(2,844)	(804)
<b>Profit before tax</b>		<b>1,186</b>	<b>4,628</b>
<b>Tax (credit)/expenses</b>	29		
Current tax		832	931
Deferred tax (credit) / charge		32	(97)
MAT credit entitlement		(1,013)	(31)
Other deferred tax			
<b>Total tax (credit)/expenses</b>		<b>(149)</b>	<b>803</b>
<b>Profit for the year</b>		<b>1,335</b>	<b>3,825</b>
<b>Other comprehensive (expense)/income (OCI)</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement losses on defined benefit plans		(33)	(19)
Income tax effect		12	6
		<b>(21)</b>	<b>(13)</b>
<b>(ii) Items that may be reclassified subsequently to profit or loss</b>			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		45	557
Exchange difference on translation of foreign operations		1,529	569
Income tax effect		(16)	(154)
		<b>1,558</b>	<b>972</b>
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>1,537</b>	<b>959</b>
<b>Total comprehensive income for the year</b>		<b>2,872</b>	<b>4,784</b>
<b>Earnings per equity share</b>	37		
Basic (in Rs)		1.14	3.61
Diluted (in Rs)		1.04	3.48

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

As per our report of even date attached

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of Biocon Biologics Limited

**Sampad Guna Thakurta**

Partner

Membership No.: 060573

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

**Shreehas P Tambe**

Managing Director

DIN: 09796480

**M. B. Chinappa**

Chief Financial Officer

**Deepika Sriyastava**

Company Secretary

Bengaluru

Date: **May 23, 2023**

Bengaluru

Date: May 22, 2023





**BIOCON BIOLOGICS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2023**  
 (All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)

	March 31, 2023	March 31, 2022
(A) Ordinary equity share capital	10,588	10,588
Opening balance	10,588	10,588
Shares issued during the year	2,629	-
Closing balance	13,217	10,588

(B) Other equity	Equity portion of preference shares [refer note 13]	Equity portion of optionally convertible debentures [refer note 13]	Compulsorily convertible Shares classified as a Equity Instrument	Reserves and surplus					Other comprehensive income					Total other equity
				Securities Premium	Retained earnings	SEZ reinvestment reserve	Amalgamation adjustment reserve	Debt redemption reserve	Capital redemption reserve	Treasury Shares	Employee stock option outstanding reserve	Cash flow hedging reserves	Foreign currency translation reserve	
Balance at April 1, 2021	100	959	-	7,378	(2,689)	-	(1,348)	1,325	1,292	-	(461)	704	(37)	7,223
Profit for the year	-	-	-	-	3,825	-	-	-	-	-	-	-	-	3,825
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	403	569	(13)	959
Total comprehensive income for the year	-	-	-	-	3,825	-	-	-	-	-	403	569	(13)	4,784
Transactions recorded directly in equity														
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	-	-	(103)	103	-	-	-	-	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	-	-	103	(103)	-	-	-	-	-	-	-	-
Employee stock compensation expense (refer note 39)	-	-	-	-	-	-	-	-	-	-	-	-	-	412
Transfer to Debt redemption reserve (refer note 13 (h))	-	-	-	-	(38)	-	-	38	-	-	-	-	-	-
Modification impact of OCD (refer note 13 (h))	-	(959)	-	-	60	-	-	-	-	-	-	-	-	(899)
Balance at March 31, 2022	100	-	-	7,378	1,158	-	(1,348)	1,363	1,292	412	(58)	1,273	(50)	11,570
Profit for the year	-	-	-	-	1,335	-	-	-	-	-	-	-	-	1,335
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	29	1,529	(21)	1,537
Total comprehensive income for the year	-	-	-	-	1,335	-	-	-	-	-	29	1,529	(21)	2,872
Transactions recorded directly in equity														
Securities premium received on issue of equity shares during the year	-	-	-	63,022	-	-	-	-	-	-	-	-	-	63,022
Compulsorily Convertible Preference Shares issued during the year	-	-	2,312	79,869	-	-	-	-	-	-	-	-	-	82,181
Contingent consideration embedded in Convertible Preference Shares at inception (refer note 35)	-	-	-	(7,366)	-	-	-	-	-	-	-	-	-	(7,366)
Conversion of Optionally convertible redeemable preference shares ("OCRPS") to equity shares (refer note 12(a)(i)(c))	-	-	-	10,424	(228)	-	-	-	-	-	-	-	-	10,424
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(228)
Treasury shares with Biocon Biologics Employee Welfare Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	(13)
Employee stock compensation expense (refer note 39)	-	-	-	-	-	-	-	-	-	-	-	-	-	447
Balance at March 31, 2023	100	-	2,312	153,327	2,265	-	(1,348)	1,363	1,292	859	(29)	2,802	(71)	162,859

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/NV-100022

*Sampad Guha Thakurta*

Partner

Membership No.: 060573

for and on behalf of the Board of Directors of Biocon Biologics Limited

*Kiran Mazumdar-Shaw*

Kiran Mazumdar-Shaw

Executive Chairperson

DIN: 00347729

*Shreehas P Tambe*

Shreehas P Tambe

Managing Director

DIN: 09796480

*Deepika Sinhetava*

Deepika Sinhetava

Company Secretary



Bengaluru

Date: May 23, 2023

Bengaluru

Date: May 22, 2023

**BIOCON BIOLOGICS LIMITED**
**STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2023**

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

	Year ended March 31, 2023	Year ended March 31, 2022
<b>I Cash flows from operating activities</b>		
Profit for the year	1,335	3,825
<u>Adjustments to reconcile profit for the year to net cash flows</u>		
Depreciation and amortisation expense	6,382	4,029
Tax expense	(149)	803
Finance costs	2,969	668
Employee stock compensation expense	447	412
Net gain on sale of current investments	(67)	(37)
Net loss on financial assets/liabilities designated at fair value through profit or loss	619	299
Unrealised foreign exchange (gain) / loss	666	(114)
Interest income	(31)	(56)
Exceptional expenses (non-cash)	470	-
<b>Operating profit before working capital changes</b>	<b>12,641</b>	<b>9,829</b>
<b>Movements in working capital *</b>		
Decrease / (Increase) in inventories	10,606	(1,531)
Decrease / (Increase) in trade receivables	16,978	(2,647)
(Decrease) / Increase in trade payables, other liabilities and provisions	(41,062)	869
Decrease / (Increase) in other assets	9,723	(20)
<b>Cash generated from operations</b>	<b>8,886</b>	<b>6,500</b>
Income taxes paid (net of refunds)	(344)	(1,057)
<b>Net cash flow generated from operating activities</b>	<b>8,542</b>	<b>5,443</b>
<b>II Cash flows from investing activities</b>		
Purchase of property, plant and equipment including Capital work-in-progress	(5,833)	(6,918)
Purchase of other intangible assets and intangible assets under development	(972)	(1,882)
Proceeds from sale of property, plant and equipment	4	-
Payment for acquisition of Biosimilar Business from Viatris (refer note 35)	(156,645)	-
Purchase of investments	(70,168)	(7,306)
Proceeds from sale of investments	69,877	10,555
Investment in Adagio Therapeutics Inc.	-	(374)
Redemption of fixed deposit with original maturity more than 3 months	542	998
Interest received	72	43
<b>Net cash flow (used in) investing activities</b>	<b>(163,123)</b>	<b>(4,884)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from issuance of equity shares (net of expenses)	65,265	-
Dividend paid	(228)	-
Proceeds from non-current borrowings	95,906	7,489
Repayment of non-current borrowings	(101)	(10,453)
Proceeds from short-term borrowings (net)	4,930	3,145
Repayment of lease liabilities	(544)	(514)
Interest paid	(3,601)	(850)
<b>Net cash flow generated from / (used in) financing activities</b>	<b>161,627</b>	<b>(1,183)</b>
<b>IV Net Increase / (decrease) in cash and cash equivalents (I + II + III)</b>	<b>7,046</b>	<b>(624)</b>
V Effect of exchange differences on cash and cash equivalents held in foreign currency	100	46
VI Cash and cash equivalents at the beginning of the year	1,444	2,022
<b>VII Cash and cash equivalents at the end of the year (IV + V + VI)</b>	<b>8,590</b>	<b>1,444</b>
<b>Reconciliation of cash and cash equivalents as per statement of cash flow</b>		
<b>Cash and cash equivalents (Note 11)</b>		
Balances with banks - on current accounts	8,877	1,537
	<b>8,877</b>	<b>1,537</b>
Cash credits (note 16)	(287)	(93)
<b>Balance as per statement of cash flows</b>	<b>8,590</b>	<b>1,444</b>

\* Refer note 35 for working capital acquired through business acquisition during the year



**BIOCON BIOLOGICS LIMITED**
**STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2023**

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

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

	Opening balance April 1, 2022	Cash flows	Non-cash movement	Closing balance March 31, 2023
Non-current borrowings (including current maturities)	44,623	95,805	(6,734)	133,694
Current borrowings	5,907	4,930	5	10,842
Interest accrued but not due	135	57	-	192
<b>Total liabilities from financing activities</b>	<b>50,665</b>	<b>100,792</b>	<b>(6,729)</b>	<b>144,728</b>

	Opening balance April 1, 2021	Cash flows	Non-cash movement	Closing balance March 31, 2022
Non-current borrowings (including current maturities)	44,939	(2,964)	2,648	44,623
Current borrowings	2,782	3,145	(20)	5,907
Interest accrued but not due	122	13	-	135
<b>Total liabilities from financing activities</b>	<b>47,843</b>	<b>195</b>	<b>2,627</b>	<b>50,665</b>

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

As per our report of even date attached

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of Biocon Biologics Limited



**Sampad Guha Thakurta**

Partner

Membership No.: 060573



**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229



**Shreehas P Tambe**

Managing Director

DIN: 09796480



**M. B. Chinappa**

Chief Financial Officer



**Deepika Srivastava**

Company Secretary



Bengaluru

Date: **May 23, 2023**

Bengaluru

Date: May 22, 2023

## BIOCON BIOLOGICS LIMITED

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

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

#### 1. Company Overview

##### 1.1 Reporting entity

Biocon Biologics Limited ("BBL" or the "parent company" or "the Company"), a subsidiary of Biocon Limited, together with its subsidiaries (collectively, the "Group"), is engaged in manufacture and development of pharmaceutical formulations. The Company is a public limited company incorporated and domiciled in India and has its registered office at Biocon House, Semicon Park Electronics City, Phase – II, Hosur Road, Bengaluru – 560 100.

##### 1.2 Basis of preparation of financial statements

###### a) Statement of compliance

The consolidated 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.

These consolidated financial statements have been prepared for the Group as a going concern basis on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2023.

These consolidated financial statements are approved for issuance by the Company's Board of Directors on May 22, 2023.

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

###### b) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiaries whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

###### c) Basis of measurement

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

- Derivative Financial instruments at fair value
- Certain financial assets and liabilities are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;
- Employee stock compensation at fair value
- Contingent consideration assumed in a business combination at fair value
- Non derivative financial instruments at Fair Value Through Profit and Loss (FVTPL)

###### 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 consolidated financial statements.





**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)*****Judgements***

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 31 — Financial instruments;
- Note 2(d), 2(e) and 3 — Useful lives of property, plant and equipment and other intangible assets;
- Note 2(j) and 30 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 2(n), 6 and 29 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets.
- Note 2(l) and 19 — Revenue Recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time;

**1.3 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Note 2(i)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 6 and 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2(l) and 19 - Revenue Recognition; estimate of expected returns, chargebacks, rebates and other allowances;
- Note 30 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 31 – impairment of financial assets; and
- Note 14 and 36 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 39 – Employee stock compensation
- Note 2(i) and 3(c) - impairment test of goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 35 - acquisition of business: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

**1.4 Measurement of fair values**

A number of the Group'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).

When measuring the fair value of an asset or a liability, the Group 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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



**BIOCON BIOLOGICS LIMITED**

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 31 – financial instruments
- Note 39 – Employee stock compensation
- Note 35 – Business Combination

**2 Significant accounting policies**

**a. Basis of consolidation**

**i. Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, *Income Taxes*.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

**Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**ii. Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in statement of profit or loss.

**iii. Associates and joint arrangements (equity accounted investees)**

The Group's interests in equity accounted investees comprise interests in associates and a joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

**iv. Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



**b. Foreign currency**

**i. Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

**ii. Foreign operations**

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

**c. 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 Group becomes a party to the contractual provisions of the instrument.

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

**ii. Classification and subsequent measurement**

*Financial assets*

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

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

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

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

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

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

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



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

On initial recognition of an equity investment that is not held for trading, the Group 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 Group 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. However, see Note 31 for derivatives designated as hedging instruments.
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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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 Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)***Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group 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 Group 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. Derivative financial instruments and hedge accounting**

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

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

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

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

**Cash flow hedges**

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

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

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

**vi. Net investment hedges**

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of a derivative or foreign exchange gains and losses for a non-derivative is recognised in OCI and presented in other equity within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognized immediately in profit or loss. The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.





**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)****vii. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**viii. Cash dividend to equity holders**

The Group recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**d. Property, plant and equipment****i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labor, any other costs including import duty, and other non-refundable taxes or levies that are 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.

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 Group.

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

**ii. Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

<b>Asset</b>	<b>Management estimate of useful life</b>	<b>Useful life as per Schedule II</b>
Building	25-30 years	30 years
Roads	5-12 years	5 years
Plant and equipment (including Electrical installation and Lab equipment )	9-15 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3-5 years	5 years
Research and development equipment	9-10 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	



**BIOCON BIOLOGICS LIMITED**

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

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

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

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

**iii. Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

**e. Intangible assets**

*Internally generated: Research and development*

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

*Others*

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

**i. Subsequent expenditure**

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

**ii. Amortisation**

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

— Computer software	3-5 years
— Marketing and Manufacturing rights	8-15 years
— Developed technology rights	8-15 years
— Brands	8-15 years

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

**f. Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

**g. Business combination**

The Group accounts for Business Combination using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

The consideration transferred in the acquisition is generally measured at fair value as at the date the control is acquired (acquisition date), as are the identifiable net assets acquired. Any gain on a bargain purchase is recognised in the OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, then gain on a bargain purchase is recognised directly in equity as capital reserve.

Transaction costs/ acquisition related costs are expensed as incurred and services are received, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration (or right to receive excess contingent consideration transferred) that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

During the measurement period, the Group also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable but does not exceed one year from the acquisition date.

***Business combinations – common control transaction***

Business combination involving entities that are controlled by the group is accounted for at carrying value. No adjustments are made to reflect the fair values, or recognise any new assets or liabilities except to harmonise accounting policies. The financial information in the consolidated financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of combination. The identity of the reserves are preserved and the reserves of transferor becomes the reserves of the transferee. The difference, if any between the amounts recorded as share capital issued plus any additional consideration in the form of cash and the amounts of share capital of the transferor is transferred to amalgamation adjustment reserves and is presented separately from other capital reserves.

**h. Inventories**

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

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

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

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





**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)****i. Impairment****i. Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on following:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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.

**ii. Impairment of non-financial assets**

The Group 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.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group 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.

**j. Employee benefits****i. Gratuity**

The Group 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 Group.

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



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)****ii. 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.

**iii. Compensated absences**

The Group 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 in the period in which the absences occur.

**iv. Employee stock 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.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognised as an employee expense.

The Company has adopted the policy to account for Biocon Biologics Employees Welfare Trust as a legal entity separate from the Company, but as a subsidiary of the Company. Any loan from the Company to the trust is accounted for as a loan in accordance with its term.

The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee stock options outstanding reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

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

A provision is recognised if, as a result of a past event, the Group 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 Group 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 Group recognises any impairment loss on the assets associated with that contract.



**I. Revenue from contracts with customers**

**i. Sale of goods**

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

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

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

*Provision for chargeback, rebates and discounts*

Revenues are recorded net of provisions for variable consideration, including discounts, rebates, governmental rebate programs, price adjustments, returns, chargebacks, promotional programs and other sales allowances. Accruals for these provisions are presented in the consolidated financial statements as reductions in determining net sales and as a contra asset in accounts receivable, net (if settled via credit) and trade payables (if paid in cash).

Provisions for chargeback, rebates, discounts and Medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesalers for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesalers/other customers.

Amounts recorded for revenue deductions can result from a complex series of judgements about future events and uncertainties and can rely heavily on estimates and assumptions.

**ii. Milestone payments and out licensing arrangements**

The Group enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Group recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of Ind-AS 115 'Revenues from Contracts with Customers', is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will be bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

The Group recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the Group transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Group expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

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.

**iii. Research services**

In respect of research services involving 'time and materials' contracts, research fee are recognised as services are rendered, in accordance with the terms of the contracts. The rates charged to customers are arrived at a cost plus markup basis as per the terms of the agreement with each customer.

**iv. Royalty income and profit share**

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

**v. Sales Return Allowances**

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

**vi. Dividends**

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**vii. Contribution received from customers/co-development partners towards plant and equipment**

Contributions received from customers/co-development partners towards items of property, plant and equipment which require an obligation to supply goods to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Group capitalises the gross cost of these assets as the Group controls these assets.

**viii. Interest income and expense**

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





**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)****m. Government grants**

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

**n. 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.

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 consolidated financial statements except when:

- taxable temporary differences arising on the initial recognition of goodwill;
- 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 Group 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 Group 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.

**o. 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.

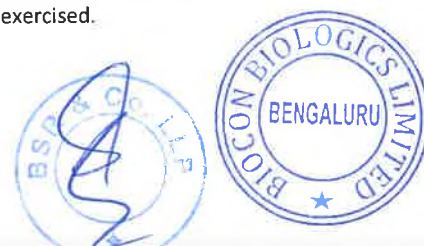
**p. Leases***(i) The Group as lessee:*

The Group 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 Group assesses whether:

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

At the date of commencement of lease, the Group 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 Group 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.



**BIOCON BIOLOGICS LIMITED****Notes to the consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

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 Group changes its assessment of 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.

**q. Earnings per equity share**

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

**r. Operating cycle**

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to settle the liability or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months.

**s. 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.



**BIOCON BIOLOGICS LIMITED**

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

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

**3 (a). Property, plant and equipments and Capital work-in-progress**

	Land	Buildings	Leasehold improvements	Plant and equipment [Refer note (a)]	Research and development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
<b>Gross carrying amount</b>									
At April 01, 2021	1,319	6,683	69	25,016	2,131	322	31	35,571	17,800
Additions	-	-	35	1,411	69	34	16	1,565	7,617
Disposals/transfers	-	-	-	(155)	(68)	-	(5)	(228)	(1,565)
Other adjustments	49	248	-	557	-	3	-	857	70
- Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-
<b>At March 31, 2022</b>	<b>1,368</b>	<b>6,931</b>	<b>104</b>	<b>26,829</b>	<b>2,132</b>	<b>359</b>	<b>42</b>	<b>37,765</b>	<b>23,922</b>
Additions	-	13	2,402	11,564	251	224	21	14,475	5,295
Disposals/transfers	-	-	-	(31)	-	-	(8)	(39)	(14,475)
Other adjustments	113	571	-	1,271	-	6	1	1,962	210
- Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-
<b>At March 31, 2023</b>	<b>1,481</b>	<b>7,515</b>	<b>2,506</b>	<b>39,633</b>	<b>2,383</b>	<b>589</b>	<b>56</b>	<b>54,163</b>	<b>14,952</b>
<b>Depreciation/ Amortisation</b>									
At April 01, 2021	-	1,073	8	8,789	1,006	142	12	11,030	-
Charge for the year	-	263	18	2,028	165	48	6	2,528	-
Disposals	-	-	-	(130)	(33)	-	(2)	(165)	-
Other adjustments	-	43	-	155	-	2	-	200	-
- Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-
<b>At March 31, 2022</b>	<b>-</b>	<b>1,379</b>	<b>26</b>	<b>10,842</b>	<b>1,138</b>	<b>192</b>	<b>16</b>	<b>13,593</b>	<b>-</b>
Charge for the year	-	285	68	2,678	168	68	7	3,274	-
Disposals	-	-	-	(24)	-	-	(5)	(29)	-
Other adjustments	-	117	-	456	-	4	-	577	-
- Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-
<b>At March 31, 2023</b>	<b>-</b>	<b>1,781</b>	<b>94</b>	<b>13,952</b>	<b>1,306</b>	<b>264</b>	<b>18</b>	<b>17,415</b>	<b>-</b>
<b>Net carrying amount</b>									
At March 31, 2022	1,368	5,552	78	15,987	994	167	26	24,172	23,922
<b>At March 31, 2023</b>	<b>1,481</b>	<b>5,734</b>	<b>2,412</b>	<b>25,681</b>	<b>1,077</b>	<b>325</b>	<b>38</b>	<b>36,748</b>	<b>14,952</b>

(a) Plant and equipment includes computer and office equipment.

(b) Capital work-in-progress primarily comprises of the biologics manufacturing unit being set up in India.

(c) For details on security on certain property, plant and equipment, refer note 13.

(d) Borrowing cost capitalised during the year amounted to Rs 1,698 (March 31, 2022: Rs 1,445).

(e) Refer note 36(iii) for contractual commitments for purchase of property, plant and equipment.



**3 (a). Property, plant and equipment and Capital work-in-progress (continued)****CWIP ageing schedule:**

	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	5,253	3,092	5,245	1,362	14,952
As at March 31, 2023	5,253	3,092	5,245	1,362	14,952
Projects in progress	7,481	7,415	5,185	3,841	23,922
As at March 31, 2022	7,481	7,415	5,185	3,841	23,922

**Capital work-in-progress ('CWIP') completion schedule (CWIP whose completion is overdue or has exceeded its cost compared to its original plan)**

	To be completed in				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
Project 1*	-	-	-	-	-
Project 2	1,962	-	-	-	1,962
Project 3	-	6,269	-	-	6,269
Project 4	367	-	-	-	367
Project 5	1,275	-	-	-	1,275
As at March 31, 2023	3,604	6,269	-	-	9,873
<b>Projects in progress</b>					
Project 1	13,481	-	-	-	13,481
Project 2	-	1,637	-	-	1,637
Project 3	-	4,527	-	-	4,527
Project 4	287	-	-	-	287
Project 5	1,547	-	-	-	1,547
As at March 31, 2022	15,315	6,164	-	-	21,479

\* Project 1 was capitalised during the year ended March 31, 2023.



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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**
**3 (b). Right-of-use assets**

	Land	Buildings	Plant and equipment	Total
<b>Gross carrying amount</b>				
At April 01, 2021	53	1,297	1,064	2,414
Additions	-	415	-	415
<b>At March 31, 2022</b>	<b>53</b>	<b>1,712</b>	<b>1,064</b>	<b>2,829</b>
Additions	-	71	-	71
Disposals	-	(173)	-	(173)
<b>At March 31, 2023</b>	<b>53</b>	<b>1,610</b>	<b>1,064</b>	<b>2,727</b>
<b>Accumulated depreciation</b>				
At April 01, 2021	10	339	335	684
Depreciation for the year*	5	196	175	376
<b>At March 31, 2022</b>	<b>15</b>	<b>535</b>	<b>510</b>	<b>1,060</b>
Depreciation for the year*	5	210	175	390
Disposals	-	(173)	-	(173)
<b>At March 31, 2023</b>	<b>20</b>	<b>572</b>	<b>685</b>	<b>1,277</b>
<b>Net carrying amount</b>				
<b>At March 31, 2022</b>	<b>38</b>	<b>1,177</b>	<b>554</b>	<b>1,769</b>
<b>At March 31, 2023</b>	<b>33</b>	<b>1,038</b>	<b>379</b>	<b>1,450</b>

\*includes Rs 2 capitalised during the year (March 31, 2022 : Rs. 5).

**3 (c). Goodwill**

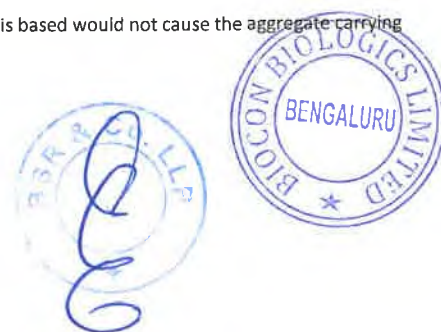
Goodwill arising upon business combination is not amortized, but tested for impairment annually or more frequently if there is any indication that the cash generating unit to which goodwill is allocated is impaired

	March 31, 2023	March 31, 2022
<b>Opening Balance</b>	-	-
Goodwill arising on business combination (refer note 35)	159,831	-
Other adjustments	-	-
- Foreign currency translation adjustment	1,267	-
<b>Closing Balance</b>	<b>161,098</b>	<b>-</b>

For the purposes of impairment assessment, the Group is considered as single Cash generating unit. The recoverable amounts of the above cash generating units have been assessed using a value-in-use model. Value-in-use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit. Initially, a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. Key assumptions upon which the Company has based its determinations of value-in-use include:

- Estimated cash flows for nine years, based on management's projections.
- A terminal value arrived at by extrapolating the last forecasted year cash flows to perpetuity, using growth rate ranging from 1% to 3%. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
- The post tax discount rate used is 14.37% based on the Company's weighted average cost of capital.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.



**4. Other Intangible assets**

	Other Intangible assets			
	Computer software	Product related intangibles (including Licences, Brands and Patents)	Total	Intangible assets under development
<b>Gross carrying amount</b>				
At April 01, 2021	207	7,065	7,272	4,892
Additions	254	345	599	1,721
Disposals / transfer	-	-	-	(599)
Other adjustments				
- Foreign currency translation adjustment	1	281	282	152
<b>At March 31, 2022</b>	<b>462</b>	<b>7,691</b>	<b>8,153</b>	<b>6,166</b>
Additions	70	-	70	1,678
Assets acquired through Business Combination (refer note 35)	-	54,226	54,226	38,388
Impairment during the year (refer note 40)	-	-	-	(415)
Other adjustments				
- Foreign currency translation adjustment	2	1,075	1,077	646
<b>At March 31, 2023</b>	<b>534</b>	<b>62,992</b>	<b>63,526</b>	<b>46,463</b>
<b>Accumulated amortisation</b>				
At April 01, 2021	113	1,321	1,434	-
Amortisation for the year	63	1,067	1,130	-
Other adjustments				
- Foreign currency translation adjustment	-	85	85	-
<b>At March 31, 2022</b>	<b>176</b>	<b>2,473</b>	<b>2,649</b>	<b>-</b>
Amortisation for the year	166	2,554	2,720	-
impairment during the year (refer note 40)	-	323	323	-
Other adjustments				
- Foreign currency translation adjustment	1	339	340	-
<b>At March 31, 2023</b>	<b>343</b>	<b>5,689</b>	<b>6,032</b>	<b>-</b>
<b>Net carrying amount</b>				
<b>At March 31, 2022</b>	<b>286</b>	<b>-</b>	<b>5,504</b>	<b>6,166</b>
<b>At March 31, 2023</b>	<b>191</b>	<b>57,304</b>	<b>57,495</b>	<b>46,463</b>

(a) Borrowing cost capitalised during the year amounted to Rs 697 (March 31, 2022: Rs 36).

(b) Refer note 36 (ii) for contractual commitments for purchase of intangible assets.

(c) During the current year, the Group reassessed the useful life of intangible assets which resulted in changes in the future expected economic benefit from the intangible assets for a period of 15 years (approx). The Management had previously considered life of 7 years to amortise the intangibles. The effect of these changes in useful life is as below:

	FY 23	FY 24	FY 25	FY 26	FY 27	After FY 27
(Decrease) / increase in amortisation expense	(140)	(573)	(571)	(476)	(40)	1,800

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**4. Intangible assets under development (continued)****Intangible assets under development ageing schedule:**

	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Projects in progress	40,096	1,623	1,264	3,480	46,463
<b>As at March 31, 2023</b>	<b>40,096</b>	<b>1,623</b>	<b>1,264</b>	<b>3,480</b>	<b>46,463</b>
Projects in progress	1,509	1,338	2,116	1,203	6,166
<b>As at March 31, 2022</b>	<b>1,509</b>	<b>1,338</b>	<b>2,116</b>	<b>1,203</b>	<b>6,166</b>

**Intangible assets under development completion schedule (projects whose completion is overdue or has exceeded its cost compared to its original plan)**

	To be completed in				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
<b>Projects in progress</b>					
Project 1	2,749	-	-	-	2,749
<b>As at March 31, 2023</b>	<b>2,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,749</b>
<b>Projects in progress</b>					
Project 1	2,288	-	-	-	2,288
<b>As at March 31, 2022</b>	<b>2,288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,288</b>



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**BIOCON BIOLOGICS LIMITED**

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

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

**5. Other financial assets**
**(a) Non-current**

Deposits

Contingent consideration receivable [refer note 31(D) and 35(d)]

**March 31, 2023**
**March 31, 2022**

151

71

8,993

-

9,144

71

**(b) Current**

Interest accrued on bank deposits

Other receivables (considered good - Unsecured) from:

Others

26

13

461

3,807

487

3,820

The Group's exposure of credit and currency risks, and loss allowances are disclosed in note 31.

[Also refer note 28 for details on related party transactions]

**6. Deferred tax (liabilities) / assets (net)**
**March 31, 2023**
**March 31, 2022**

Deferred tax liabilities (net)

(3,713)

(523)

Deferred tax assets (net)

1,807

1,095

Total

(1,906)

572

**Deferred tax liabilities**

Property, plant and equipments

(1,406)

(283)

Other intangible assets

(3,546)

(592)

Goodwill

(654)

-

Deferred consideration

(385)

-

Derivative assets

(94)

(78)

Gross deferred tax liabilities

(6,085)

(953)

**Deferred tax assets**

MAT credit entitlement

881

913

Provision for employee benefit

182

132

Allowance for doubtful debts

9

9

Carry-forward losses

2,403

-

Derivative liabilities

51

51

Deferred revenue

76

30

Lease liabilities

103

90

Expenses allowed on payment basis

107

189

Others

367

111

Gross deferred tax assets

4,179

1,525

Deferred tax (liabilities) / assets (net)

(1,906)

572

**7. Other assets**
**March 31, 2023**
**March 31, 2022**

Unsecured considered good, unless otherwise stated

**(a) Non-current**

Capital advances

945

333

Duty drawback receivable

24

32

Balances with statutory / government authorities

706

467

Prepayments

676

701

2,351

1,533

**(b) Current**

Balances with statutory / government authorities

2,206

971

Export incentive receivable

8

143

Advance to suppliers

963

645

Prepayments

501

457

3,678

2,216

[Also refer note 28 for details on related party transactions]

**8. Inventories**
**March 31, 2023**
**March 31, 2022**

Raw materials, including goods-in-bond (refer note (a) below)

4,240

3,022

Packing materials

3,718

2,486

Finished goods

9,424

6,619

Work-in-progress

2,254

1,765

Traded goods

11,971

213

31,607

14,105

(a) Inventories includes goods in-transit Rs 85 (March 31, 2022: Rs 129)

(b) Write-down of inventories to net realisable value and provision for stock obsolescence amounted to Rs 522 (March 31, 2022: Rs 329). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.



**9. Current investments****March 31, 2023** **March 31, 2022**

Quoted - Investments at fair value through profit or loss:

Investment in mutual funds	463	105
Investment in Adagio Therapeutics Inc - 294,000 (March 31, 2022 - 294,000) Common Stock, par value USD 0.0001 each	29	102
	<u>492</u>	<u>207</u>
Aggregate market value of quoted investments	492	207
Aggregate carrying value of quoted investments	492	207

The Group's exposure of credit and currency risks, and loss allowances are disclosed in note 31.

**10. Trade receivables****March 31, 2023** **March 31, 2022**

Current

(a) Trade receivables considered good - Unsecured	23,443	8,780
(b) Trade receivables - credit impaired	27	27
	<u>23,470</u>	<u>8,807</u>
Allowance for expected credit loss	(27)	(27)
<b>Net trade receivables</b>	<u>23,443</u>	<u>8,780</u>

[Also refer note 28 for details on related party transactions]

The Group's exposure of credit and currency risks, and loss allowances are disclosed in note 31.

Trade receivables ageing schedule:

	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	1,482	30,485	1,976	576	346	-	-	34,865
Undisputed Trade receivables - credit impaired	-	-	-	5	2	9	11	27
<b>As at March 31, 2023</b>	<b>1,482</b>	<b>30,485</b>	<b>1,976</b>	<b>581</b>	<b>348</b>	<b>9</b>	<b>11</b>	<b>34,892</b>
Less: Provision for chargebacks / discounts / rebates / incentives settled through issuance of credit note								(11,422)
<b>Net trade receivables</b>								<u><b>23,470</b></u>
Undisputed Trade receivables - considered good	1,769	6,019	840	152	-	-	-	8,780
Undisputed Trade receivables - credit impaired	-	-	-	12	9	-	6	27
<b>As at March 31, 2022</b>	<b>1,769</b>	<b>6,019</b>	<b>840</b>	<b>164</b>	<b>9</b>	<b>-</b>	<b>6</b>	<b>8,807</b>

**11. Cash and bank balances****March 31, 2023** **March 31, 2022**

Cash and cash equivalents

Balances with banks:

On current accounts

8,877	1,537
<u>8,877</u>	<u>1,537</u>

Other bank balances:

Deposits with remaining maturity of less than 12 months

Margin money deposits

501	1,000
26	64
<u>527</u>	<u>1,064</u>

**Total cash and bank balances**

<u>9,404</u>	<u>2,601</u>
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(a) The Group has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.



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**BIOCON BIOLOGICS LIMITED**

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

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

**12(a). Share capital**

	March 31, 2023	March 31, 2022
<b>Authorised</b>		
2,500,000,000 (March 31, 2022: 1,500,000,000) equity shares of Rs 10 each (March 31, 2022: Rs 10 each)	25,000	15,000
1,000,000,000 (March 31, 2022: 2,000,000,000) preference shares of Rs 10 each (March 31, 2022: Rs 10 each)	10,000	20,000
<b>Issued, subscribed and fully paid-up</b>		
1,321,724,958 (March 31, 2022: 1,058,849,676) equity shares of Rs 10 each	13,217	10,588
205,420,000 (March 31, 2022: 205,420,000) Non Convertible Redeemable Preference Shares ("NCRPS") of Rs 10 each	2,054	2,054
Nil (March 31, 2022: 1,081,000,000) Optionally Convertible Redeemable Preference Shares ("OCRPS") of Rs 10 each	-	10,810
231,163,944 (March 31, 2022: Nil) Compulsorily Convertible Preference Shares ("CCPS") of Rs 10 each	2,312	-
	<b>17,583</b>	<b>23,452</b>
Less : Preference share capital classified as a financial liability [refer note 13]	(2,054)	(12,864)
Less : Preference share capital classified as a equity instrument	(2,312)	-
<b>Equity share capital</b>	<b>13,217</b>	<b>10,588</b>

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

	March 31, 2023		March 31, 2022	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	1,058,849,676	10,588	1,058,849,676	10,588
Issued during the period	262,875,282	2,629	-	-
<b>Outstanding at the end of the year</b>	<b>1,321,724,958</b>	<b>13,217</b>	<b>1,058,849,676</b>	<b>10,588</b>

**(b) Non convertible redeemable preference shares**

	March 31, 2023		March 31, 2022	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	205,420,000	2,054	205,420,000	2,054
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>205,420,000</b>	<b>2,054</b>	<b>205,420,000</b>	<b>2,054</b>

**(c) Optionally convertible redeemable preference shares**

	March 31, 2023		March 31, 2022	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	1,081,000,000	10,810	1,081,000,000	10,810
Conversion of OCRPS shares to equity shares	(1,081,000,000)	(10,810)	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>1,081,000,000</b>	<b>10,810</b>

**(d) Compulsorily convertible preference shares**

	March 31, 2023		March 31, 2022	
	No.	Rs Million	No.	Rs Million
At the beginning of the year	-	-	-	-
Issued during the year	231,163,944	2,312	-	-
<b>Outstanding at the end of the year</b>	<b>231,163,944</b>	<b>2,312</b>	<b>-</b>	<b>-</b>

**(ii) Terms/ rights attached to**
**(a) Equity shares**

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

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

**(b) Non convertible redeemable preference shares**

- The tenure of the NCRPS shall be 10 years.
- The Company or NCRPS holder shall have the option to redeem the NCRPS at any time during the tenure of the NCRPS. If the Company or holder of NCRPS exercises such option of early redemption, the NCRPS shall be redeemable at its face value.
- The holder of the NCRPS shall be entitled to preferential dividend of 8.3% per annum on the face value of the NCRPS as may be mutually decided between the Company and the NCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.
- Until redemption of the NCRPS, the NCRPS holder shall have priority of payment of dividend over the equity shareholders.

**(c) Optionally convertible redeemable preference shares**

- The tenure of the OCRPS shall be 10 years.
- The Company shall have the option to redeem the OCRPS at any time during the tenure of the OCRPS at its face value. The OCRPS shall become redeemable at its face value at the end of the tenure.
- The OCRPS holder shall have the option to convert the OCRPS into equity shares of the Company at any time during the tenure of the OCRPS at a ratio based on fair value or face value of the equity shares as on the date of exercise of the option whichever is higher.
- The holder of the OCRPS shall be entitled to preferential dividend of 3% per annum on the face value of the OCRPS as may be mutually decided between the Company and the OCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.
- Until redemption of the OCRPS, the OCRPS holder shall have priority of payment of dividend over the equity shareholders.
- During the year OCRPS holder exercised their option to convert to equity shares. Accordingly 38,505,379 equity shares were issued upon conversion at a issue price of Rs. 280.74 per share.





**BIOCON BIOLOGICS LIMITED**

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

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

**12(a). Share Capital (Continued)****(d) Compulsorily convertible preference shares**

(i) The tenure of the CCPS shall be 10 years.

(ii) Each CCPS shall be convertible into equity shares at any time at the option of the holder at a conversion rate of 1:1. The Company has an obligation to issue further equity shares to Mylan Inc, subject to maximum of 61,562,420 equity shares, such that the fair value of the equity holding by Mylan Inc post conversion is atleast USD 1,000 Mn [refer note 35(a)].

(iii) The holder of CCPS shall be entitled to preferential dividend of 0.001% per annum of the face value per CCPS.

(iv) Until redemption of the CCPS, the CCPS holder shall have priority of payment of dividend over the equity shareholders.

(v) The CCPS holder shall be entitled to vote in all general meetings of Shareholders as if such CCPS holder held the number of Shares into which its CCPS can be converted (on a fully diluted basis).

(e) The aforesaid NCRPS and OCRPS are convertible (variable number of equity shares) / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been classified as financial liability and disclosed at its fair value which is equivalent to the face value. Also refer note 13.

**(III) Details of shareholders holding more than 5% shares in the Company**

	March 31, 2023		March 31, 2022	
	No.	% holding	No.	% holding
<b>Equity shares of Rs 10 each fully paid</b>				
Biocon Limited, the Holding Company (including shares held through nominees)	1,21,65,68,780	92.04%	98,97,17,600	93.47%
<b>NCRPS of Rs 10 each fully paid</b>				
Biocon Limited, the Holding Company	20,54,20,000	100.00%	20,54,20,000	100.00%
<b>OCRPS of Rs 10 each fully paid</b>				
Biocon Limited, the Holding Company	-	-	1,08,10,00,000	100.00%
<b>CCPS of Rs 10 each fully paid</b>				
Mylan Inc	23,11,63,944	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.

(iv) Pursuant to the Scheme of amalgamation between the Company and Biocon Research Limited, the Board of Directors on March 27, 2020 allotted 155,300,000 equity shares of Rs 10 each to the shareholders of Biocon Research Limited. These shares were issued for consideration other than cash.

(v) Pursuant to approval of the shareholders the Company on September 3, 2020 issued 824,175,932 bonus shares to equity share holders at a ratio of 4:1 by utilising retained earnings and securities premium balances.

(vi) Pursuant to the Transaction Agreement (TA) between the Company and Viatrix Inc, the Board of Directors on November 29, 2022 allotted 1 equity shares of Rs 10 each for Rs 280.74 per share and 231,163,944 CCPS of Rs 10 each for Rs 355.51 per share to Mylan Inc as consideration for acquisition of equity interest in Biosimilars NewCo Limited. These shares were issued for consideration other than cash.

(vii) For details of any securities convertible into equity shares, please refer notes 12(a)(ii)(d) and note 13(h).

(viii) For details of shares reserved for issue under Employee stock compensation plans, please refer note 39.

**(ix) Shareholding of Promoters**

	March 31, 2023		March 31, 2022		March 31, 2021		% Change during the year ending	
	No. of shares	% of total	No. of shares	% of total	No. of shares	% of total	March 31, 2023	March 31, 2022
Biocon Limited								
(a) Equity shares	1,21,65,68,780	92.04%	98,97,17,600	93.47%	98,97,17,600	93.47%	-1.43%	-
(b) NCRPS	20,54,20,000	100.00%	20,54,20,000	100.00%	70,54,20,000	100.00%	-	-
(c) OCRPS	-	-	1,08,10,00,000	100.00%	1,08,10,00,000	100.00%	-100.00%	-

**(x) Equity shares allotted during the year**

During the year ended March 31, 2023, the Company has issued 224,369,903 equity shares on private placement and rights issue basis. Further, OCRPS are converted to equity shares during the year [refer note 12(a)(ii)(c)(iv)]

**(xi) Dividends**

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2023 was Rs 0.2155 per equity share (March 31, 2022 : Nil). The Board of Directors had recommended a final dividend of Rs 0.2155 per equity share for the financial year ended March 31, 2022 through a resolution by circulation on July 18, 2022. This was approved by the shareholders at the Annual General Meeting held on July 26, 2022. The aforesaid dividend was paid during the year resulting in a cash outflow of Rs 228.

**12(b). Other equity****Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Retained earnings**

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the standalone financial statements of the Company and also considering the requirements of the Act. Thus the amounts reported are not distributable in entirety.



**BIOCON BIOLOGICS LIMITED**

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

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

**SEZ re-Investment reserve**

The SEZ re-investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income-tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-tax Act, 1961.

**Amalgamation adjustment reserve**

The amalgamation adjustment reserve is created to account for business combinations of entities under common control.

**Debenture redemption reserve**

The Group has issued Redeemable Non-Convertible Debentures ("NCD") and Redeemable Optionally Convertible Debentures ("OCD") in prior years. As per the provisions of the Companies Act, 2013, debenture redemption reserve is created out of profits of the Company available for payment of dividend.

**Capital redemption reserve**

The Group had redeemed Non Convertible Redeemable Preference Shares in prior years and as per the provisions of the Companies Act, 2013, a sum equal to the nominal value of the shares redeemed is transferred to the capital redemption reserve.

**Treasury shares**

Own equity instruments that are reacquired are recognised at cost and disclosed as deducted from equity.

**Employee stock option outstanding reserve**

The Group has established equity settled share based payment plans for certain categories of employees of the Group. Refer note 39 for further details on these plans.

**Cash flow hedging reserve**

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

**Foreign currency translation reserve**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's reporting currency (i.e. Indian Rupees) are accumulated in the foreign currency translation reserve. This also includes effective portion of Group's net investment in foreign operations.

**Other Items of other comprehensive Income**

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



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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**

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

	March 31, 2023	March 31, 2022
<b>13. Non-current borrowings</b>		
<b>Loans from banks (secured)</b>		
Term loan [refer note (a) (b) (c) and (d) below]	1,12,946	14,888
Redeemable Non-Convertible Debentures ("NCD") [refer note (e) below]	2,000	2,000
<b>Loans from banks (unsecured)</b>		
Term loan [refer note (f) below]	1,952	1,898
<b>Other loans from related parties (unsecured)</b>		
Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	2,054	2,054
Optionally Convertible Redeemable Preference Shares ("OCRPS") [refer note 12(a)(ii)(c)]	-	10,810
Non-Cumulative Redeemable Convertible Preference Shares [refer note (g) below]	712	629
<b>Other loans (unsecured)</b>		
Redeemable Optionally Convertible Debentures ("OCD") [refer note (h) below]	14,030	12,344
	<b>1,33,694</b>	<b>44,623</b>
	<b>(1,068)</b>	<b>(12,959)</b>
	<b>1,32,626</b>	<b>31,664</b>
Less: Amount disclosed under the head "Current borrowings" [refer note 16]		
<b>The above amount includes</b>		
Secured borrowings	1,14,946	16,888
Unsecured borrowings	18,748	27,735
Amount disclosed under the head "Current borrowings" [refer note 16]	<b>(1,068)</b>	<b>(12,959)</b>
<b>Net amount</b>	<b>1,32,626</b>	<b>31,664</b>

(a) During the year ended March 31, 2019, the Company had obtained an external commercial borrowing facility of USD 75 million from MUGB Bank Limited. This loan is repayable in 3 annual instalments commencing from April 2024 and carries an interest rate of LIBOR + 1% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the facility for the manufacturing of pharmaceuticals. Carrying value of the loan as at March 31, 2023 amounts to Rs 6,164 (March 31, 2022: 5,694).

(b) During the year ended March 31, 2021, the Company had obtained a Term loan facility from The Hongkong and Shanghai Banking Corporation Limited amounting to Rs 3,500 repayable in 2 equal annual instalments commencing from April 2024. Term loan carries an interest rate of 3 Months T Bill + 2.3% p.a. and are secured by first pari-passu charge on the present and future movable fixed assets of the Company. Carrying value of the loan as at March 31, 2023 amounts to Rs 3,500 (March 31, 2022: 3,500).

(c) During the year ended March 31, 2023, the Biosimilars Newco Limited (subsidiary of the Company) has entered into a USD 1.2 Billion long-term syndicated loan facility agreement for a tenure of 5 years. The term loan is repayable in quarterly instalments starting after 30 months of the execution of the agreement and carries an interest rate of SOFR + margin of 1.75% p.a. to 1.35% p.a. The loan is secured by first pari-passu charge movable fixed assets of the Company, Biocon Sdn. Bhd., Malaysia. ("Biocon Malaysia"), Biocon Biologics UK Ltd ("Biocon UK"), Biosimilars Newco Limited and Biosimilars collaboration Ireland Limited. Further the loan is also secured by corporate guarantee by the Company, Biocon Malaysia, Biocon UK and Biosimilars Collaboration Ireland Limited. Carrying value of the loan as at March 31, 2023 amounts to Rs 97,118 (March 31, 2022: Nil), net-off unamortised debt issuance cost of Rs. 1,498.

(d) During the year ended March 31, 2022, Biocon UK had obtained a term loan facility of USD 75 million from The Hongkong and Shanghai Banking Corporation Limited for a tenure of 5 years. The term loan is repayable over the period of 4 years and carries an interest rate of 1 month LIBOR + 1% p.a. and are secured by first pari-passu charge on the present and future Plant and Machineries of Biocon Malaysia. Carrying value of the term loan as at March 31, 2023 is Rs. 6,164 (March 31, 2022: 5,694).

(e) During the year ended March 31, 2021, the Company had issued NCD of face value Rs 10,00,000 each to HDFC Bank Limited amounting to Rs. 2,000 for a tenure of 43 months. The debentures are repayable at the end of the term in April 2024. The NCD carries call/put option on or after September 21, 2023. The debentures carries fixed coupon rate of 6.8949% p.a. and are secured by first pari-passu charge on the movable fixed assets of the Company. Carrying value of the loan as at March 31, 2023 amounts to Rs 2,000 (March 31, 2022: 2,000).

(f) During the year ended March 31, 2022, Biocon UK had obtained a term loan facility of USD 25 million from The HDFC Bank Limited for a tenure of 5 years. The term loan is repayable in 5 annual instalments starting from the end of year 1 and carries an interest rate of 3 months LIBOR + 1.25% p.a. Carrying value of the term loan as at March 31, 2023 is Rs. 1,952 (March 31, 2022: 1,898).

(g) As at March 31, 2023, Biocon Malaysia has outstanding 3,067,506 (March 31, 2022: 3,067,506) non-cumulative redeemable convertible preference shares ("NCRCPs") which were issued at issue price and par value of RM 10 each. These NCRCPs are issued to Biocon SA, a fellow subsidiary. The NCRCPs rank pari passu with one another without any preference or priority among themselves. Each NCRCPs shall confer to the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution. The NCRCPs shall be redeemable at par value, in full or in part, and in any number of tranches at the option of the NCRCPs shareholder at any time after ten years from the date of issue of the NCRCPs. The NCRCPs shall be convertible at par value to ordinary shares of Biocon Malaysia of RM 10 each at any time at the option of the NCRCPs holder.

NCRCPs been accounted as a compound financial instrument in line with Ind AS, given that it has both financial liability and equity feature. Accordingly, it has been bifurcated into financial liability and equity.

The NCRCPs shall have no voting right or right to move or second any resolutions at any general meetings of the Biocon Malaysia, except:

- (a) upon any resolution which varies or is deemed to vary the right and privileges attached to the NCRPS; and
- (b) upon any resolution for the winding up of the Biocon Malaysia.

(h) During the year ended March 31, 2021, the Company had entered into an agreement with Goldman Sachs India AIF Scheme-1 ('Investor') whereby the Investor had infused Rs. 11,250 against issuance of OCD. The debentures are issued for a tenor of 61 months, are unsecured, redeemable at par and carry a conversion option at any time during the tenor at the option of the investor. OCD bears a coupon rate of 5% per annum payable on compounded and cumulative basis only on redemption.

The debentures have been accounted as a compound financial instrument in line with Ind AS, given that it has both financial liability and equity feature. Accordingly, the consideration received was bifurcated into financial liability and equity.

During the previous year, the Company had entered into amendment to the terms of OCD agreement which provides for redemption amount INR equivalent of USD 153.23 million with reference to rate published by RBI for conversion of USD to INR one day prior to redemption. This resulted in the modification of the compound financial instrument and OCD is classified as financial liability from the modification date. This modification resulted in loss of Rs. 274 in statement of profit and loss and a gain of Rs. 60 in other equity.

(i) Term loans from the Bank provides for certain financial covenants at the Group level. For the purpose of computing covenants at a given date, any infusion of funds subsequently through issue of equity shares or any other instrument which is subordinate to the term loans, will be considered retrospectively for all purposes. Accordingly funding raised by the Company in May 2023 has been considered to comply with the financial covenant requirements as at March 31, 2023. As at the date of adoption of these financial statements, the Group complies with the financial covenants as of March 31, 2023.

(j) The Group's exposure to liquidity, interest rate and currency risks are disclosed in note 31.



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**
**14. Provisions**
**(a) Non-current**

Provision for employee benefits

Gratuity [refer note 30(i)]

Provision for sales return

**March 31, 2023**
**March 31, 2022**

340

299

1,231

299

1,571

299

**(b) Current**

Provision for employee benefits

Gratuity [refer note 30(i)]

Compensated absences [refer note 30(ii)]

Provision for sales return

59

50

284

239

283

136

626

425

**(i) Movement in provisions**
**For the year ended March 31, 2023**

Gratuity	Compensated absences	Sales return
349	239	136
-	-	1,307
50	45	71
399	284	1,514

Opening balance

Acquired through business combination (refer note 35)

Provision recognised during the year

Closing balance

**For the year ended March 31, 2022**

Gratuity	Compensated absences	Sales return
301	190	136
48	49	-
349	239	136

Opening balance

Provision recognised during the year

Closing balance

**15. Other liabilities**
**(a) Non-current**

Deferred revenues [refer note 19]

**March 31, 2023**
**March 31, 2022**

582

9,589

582

9,589

**(b) Current**

Deferred revenues [refer note 19]

Advances from customers [refer note 19]

Statutory taxes and dues payable

377

582

29

20

3,117

153

3,523

755

**16. Current borrowings**
**From banks/ financial institutions**

Packing credit foreign currency loan (unsecured) [refer note (a) below]

Packing credit rupee export loan (unsecured) [refer note (b) below]

Cash credit (secured) [refer note (c) below]

Current maturities of non-current borrowings [refer note 13]

1,972

2,657

8,870

3,250

287

93

1,068

12,959

12,197

18,959

**The above amount includes**

Secured borrowings

Unsecured borrowings

287

93

10,842

5,907

(a) The Company has obtained foreign currency short term unsecured pre-shipment credit loans from various banks that carries fixed interest rate ranging from 5.62% p.a. to 6.23% p.a. Packing credit foreign currency loan tenure is upto 180 days from the date of draw down.

(b) The Company has obtained rupee denominated short term unsecured pre-shipment credit loans from various banks that carries interest rate ranging from 6.96% p.a. to 8.20% p.a. Packing credit rupee loan tenure is upto 180 days from the date of draw down.

(c) Biocon Malaysia had availed working capital facilities upto USD 10 million carrying an interest rate of Bank Lending Rate + 0.5% p.a.. Further the loan is secured by corporate guarantee by the Company.

**17. Trade payables**

Trade and other payables

- Total outstanding dues of micro and small enterprises ('MSME')

- Total outstanding dues of creditors other than micro and small enterprises \*

**March 31, 2023**
**March 31, 2022**

1,013

375

31,368

8,669

32,381

9,044

\* includes Other payables comprising of allowances for Chargebacks / Discounts / Rebates / Incentives expected to be settled in cash

All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 31.

[Also refer note 28 for details on related party transactions]

**Trade payables ageing schedule:**

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	-	222	786	4	1	1	1,013
(ii) Others	18,678	2,913	9,694	33	29	21	31,368
<b>As at March 31, 2023</b>	<b>18,678</b>	<b>3,135</b>	<b>10,480</b>	<b>37</b>	<b>30</b>	<b>21</b>	<b>32,381</b>
(i) Micro and small enterprises	-	220	152	1	1	1	375
(ii) Others	4,717	2,121	1,747	36	21	20	8,669
<b>As at March 31, 2022</b>	<b>4,717</b>	<b>2,341</b>	<b>1,899</b>	<b>37</b>	<b>22</b>	<b>21</b>	<b>9,044</b>

**BIOCON BIOLOGICS LIMITED**

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

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

**18. Other financial liabilities**

**(a) Non-current**

Deferred consideration payable (refer note 35)  
Contingent consideration payable [refer note 31(D) and 35(a)]

**March 31, 2023**      **March 31, 2022**

25,573	-
6,583	-
<b>32,156</b>	<b>-</b>

**(b) Current**

Interest accrued but not due  
Derivative premium payable  
Deferred consideration payable (refer note 35)  
Payables for capital goods

192	135
10	-
2,014	-
1,183	959
<b>3,399</b>	<b>1,094</b>

[Also refer note 28 for details on related party transactions]



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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

	Year ended March 31, 2023	Year ended March 31, 2022
<b>19. Revenue from operations</b>		
Sale of products		
Finished goods*	43,068	31,225
Traded goods	9,650	2,415
Sale of services		
Licensing and development fees	2,058	460
Research fees	42	60
Other operating revenue		
Sale of process waste	26	19
Performance linked incentive	503	-
Others	491	464
<b>Revenue from operations</b>	<b>55,838</b>	<b>34,643</b>

\* includes profit share

**19.1 Disaggregated revenue information**

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

**Revenues by geography**
**Revenues from contracts with customers**

Ireland	15,106	16,863
USA	9,805	1,102
India	5,820	6,921
Rest of the world	24,087	9,274
	<b>54,818</b>	<b>34,160</b>

**Revenue from other sources**

Other operating revenue	1,020	483
	<b>1,020</b>	<b>483</b>

**Total revenue from operations**

	<b>55,838</b>	<b>34,643</b>
--	---------------	---------------

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

**19.2 Changes in contract liabilities: deferred revenue and advance from customers**

Balance at the beginning of the year	10,191	8,605
Add:- Increase due to invoicing during the year	1,755	2,108
Less:- Contract liabilities derecognised as pre-existing relationship pursuant to business combination (refer note 35)	(9,260)	-
Less:- Amounts recognised as revenue during the year	(2,408)	(784)
Add:- Foreign currency translation	710	262
<b>Balance at the end of the year</b>	<b>988</b>	<b>10,191</b>

Expected revenue recognition from remaining performance obligations:

- Within one year	406	602
- More than one year	582	9,589
	<b>988</b>	<b>10,191</b>

**19.3 Contract balances**

Trade receivables	23,443	8,780
Contract liabilities	988	10,191

Trade receivables are non-interest bearing. Contract liabilities include deferred revenues and advance from customers.

**19.4 Performance obligation:**

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

**19.5 Significant customer**

One customer group individually accounted for Rs 18,861 which is more than 10% of the total revenue of the Company for the year ended March 31, 2023 (March 31, 2022: Rs 17,337).

**19.6 Reconciliation of revenue from contracts with customers**

<b>Revenue from contracts with customers as per contract price</b>	<b>107,666</b>	<b>34,402</b>
Adjustments made to contract price on account of :-		
a) Chargebacks / Discounts / Rebates / Incentives	(51,823)	-
b) Sales returns/ reversals	(1,025)	(242)
<b>Revenue from Contracts with customers as per statement of profit and loss</b>	<b>54,818</b>	<b>34,160</b>

**20. Other income**

Interest income on:		
Deposits with banks and financial institutions	29	53
Others	2	3
Net gain on sale of current investments	67	37
Net gain on financial assets measured at fair value through profit or loss	1	-
Other non-operating income	21	11
	<b>120</b>	<b>104</b>



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

	Year ended March 31, 2023	Year ended March 31, 2022
<b>21. Cost of raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	5,508	4,817
Add: Purchases	13,548	10,238
Less: Inventory at the end of the year	(7,958)	(5,508)
	<b>11,098</b>	<b>9,547</b>
<b>22. Changes in inventories of finished goods, traded goods and work-in-progress</b>		
Inventory at the beginning of the year		
Traded goods	213	221
Finished goods	6,619	1,816
Work-in-progress	1,765	5,583
	<b>8,597</b>	<b>7,620</b>
Inventory acquired through business combination (refer note 35)	13,742	-
Inventory at the end of the year		
Traded goods	11,971	213
Finished goods	9,424	6,619
Work-in-progress	2,254	1,765
	<b>23,649</b>	<b>8,597</b>
	<b>(1,310)</b>	<b>(977)</b>
<b>23. Employee benefits expense</b>		
Salaries, wages and bonus *	6,942	5,903
Contribution to provident and other funds	402	330
Gratuity [refer note 30(ii)]	68	61
Employee stock compensation expense [refer note 39]	706	549
Staff welfare expenses	370	326
	<b>8,488</b>	<b>7,169</b>
*includes expense towards compensated absence [refer note 30 (ii)]		
<b>24. Finance costs</b>		
Interest expenses on financial liabilities [refer note (a) below]	2,770	462
Interest expenses on lease liabilities [refer note 27]	199	206
	<b>2,969</b>	<b>668</b>
(a) Interest expense on financial liabilities is net of borrowing cost capitalisation amounting to Rs. 2,395 (March 31, 2022 - Rs. 1,481).		
<b>25. Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipments [refer note 3(a)]	3,274	2,528
Depreciation of right-of-use assets [refer note 3(b)]	388	371
Amortisation of other intangible assets [refer note 4]	2,720	1,130
	<b>6,382</b>	<b>4,029</b>



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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

	Year ended March 31, 2023	Year ended March 31, 2022
<b>26. Other expenses</b>		
Royalty and technical fees	22	93
Rent	36	25
Communication expenses	26	28
Travelling and conveyance	371	179
Professional charges	1,185	821
Transition Support Agreement ('TSA') expense [refer note 35(i)]	4,063	-
Directors' fees including commission	63	47
Power and fuel	2,343	1,776
Insurance	187	145
Rates, taxes and fees, net of refunds of taxes	132	122
Lab consumables	2,050	1,212
Foreign exchange loss, net	1,338	147
Repairs and maintenance		
Plant and machinery	1,734	1,086
Buildings	169	125
Others	661	710
Selling expenses		
Freight outwards and clearing charges	185	227
Sales promotion expenses	1,199	1,305
Commission and brokerage (other than sole selling agents)	123	123
Net loss on financial assets/liabilities designated at fair value through profit or loss	619	299
Printing and stationery	56	49
Research and development expenses	5,948	4,651
Corporate social responsibility (CSR) expenses	44	43
Miscellaneous expenses	161	118
	<b>22,715</b>	<b>13,331</b>
Less: Expenses capitalized to intangible assets	(759)	(1,155)
	<b>21,956</b>	<b>12,176</b>

[Also refer note 28 for details on related party transactions]

**Details of research and development expenditure incurred (charged to statement of profit and loss)**

Research and development expenses	5,948	4,651
Lab consumables	2,050	1,212
Employee benefits expense	1,190	1,010
Other research and development expenses included in other heads	2,223	960
	<b>11,411</b>	<b>7,833</b>
Less: Recovery of product development costs from co-development partners (net)	(1,762)	(3,578)
Less: Expenses capitalized to intangible assets	(759)	(1,155)
	<b>8,890</b>	<b>3,100</b>



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**BIOCON BIOLOGICS LIMITED**

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

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

**27. Leases**

The Group has entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the financial year 2032-33. Gross payment for the year aggregate to Rs. 544 (March 31, 2022: Rs. 514).

The followings is the movement in the lease liability:

Particulars	Total
Balance as at April 1, 2021	1,965
Additions during the year	405
Finance cost accrued during the year*	211
Payment of lease liabilities	(514)
Balance as at March 31, 2022	2,067
Additions during the year	69
Finance cost accrued during the year*	201
Payment of lease liabilities	(544)
Balance as at March 31, 2023	1,793

\*includes Rs. 2 (March 31, 2022 - Rs 5) capitalised during the year

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

	March 31, 2023	March 31, 2022
Current lease liabilities	477	492
Non-current lease liabilities	1,316	1,575
	1,793	2,067

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

Less than one year	525	539
One to five years	1,424	1,585
More than five years	421	691
Total	2,370	2,815

The following are the amounts recognised in Statement of profit or loss for the year:

Depreciation expense of right of use-assets	388	371
Interest expenses on lease liabilities	199	206
Current lease payment [refer note (i) below]	36	25
Total	623	602

(i) The Group applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).



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**BIOCON BIOLOGICS LIMITED**  
**Notes to consolidated financial statements for the year ended March 31, 2023**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2022 to March 31, 2023 (Income)/Expenses/ Other transactions	Balance as at March 31, 2023 (Payable)/ Receivable	April 1, 2021 to March 31, 2022 (Income)/Expenses/ Other transactions	Balance as at March 31, 2022 (Payable)/ Receivable
1	Biocon Limited	Holding Company	Expenses incurred by related party on behalf of the Group	138	-	-	127
			Expenses incurred on behalf of the related party	(28)	-	-	(2)
			Professional charges	383	-	-	349
			Guarantee fees	-	-	-	35
			Research fees	(38)	-	-	(48)
			Cross charges towards facility and other expenses	-	-	-	(28)
			Sale of goods	(6)	-	-	(4)
			Payment for leases	246	-	-	233
			Power and fuel	1,673	-	-	1,499
			Research and development expense	12	-	-	11
			Staff welfare expenses towards canteen charges	41	-	-	27
			Royalty expense	13	-	-	46
			Share based payments to employees	257	-	-	137
			Purchase of goods	95	-	-	54
			Conversion of preference shares to equity shares	(10,810)	-	-	-
			Issue of equity shares	(40,710)	-	-	-
			Dividend paid	213	-	-	-
			Reimbursement towards Performance Linked Incentive ('PLI')	(495)	-	-	-
			Funding towards property plant and equipment/Prepayment	-	719	719	53
			Trade payables	-	(687)	-	(365)
			Trade Receivables	-	-	-	8
			Guarantee released / (given) by related party to a bank on behalf of the Group	-	-	-	12,925
			Sale of car	(3)	-	-	(3)
2	Syngene International Limited	Fellow subsidiary	Research and development expenses	76	-	-	172
			Expenses incurred by related party on behalf of the Group	6	-	-	24
			Sale of goods [Refer note (g) below]	(0)	-	-	(7)
			Expenses incurred on behalf of the related party	(11)	-	-	(1)
			Purchase of goods	(0)	-	-	304
			Power and Utility Charges	92	-	-	87
			Profit share expense	-	-	-	5
			Payment for leases	284	-	-	253
			Trade payables	-	(219)	-	(209)
3	Bicara Therapeutics Inc.	Fellow associate	Research fees	(12)	-	-	-
			Cross charges towards facility and other expenses	-	-	-	(2)
			Trade receivables	-	24	-	12
4	Biocon FZ LLC	Fellow subsidiary	Professional charges	1	-	-	14
			Trade payables	-	-	-	-
5	Biocon SA	Fellow subsidiary	Interest on preference shares	37	-	-	54



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**BIOCON BIOLOGICS LIMITED**  
**Notes to consolidated financial statements for the year ended March 31, 2023**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2022 to March 31, 2023 (Income)/Expenses/ Other transactions	Balance as at March 31, 2023 (Payable)/ Receivable	April 1, 2021 to March 31, 2022 (Income)/Expenses/ Other transactions	Balance as at March 31, 2022 (Payable)/ Receivable
6	Biocon Pharma UK Limited	Fellow subsidiary	Expenses incurred by related party on behalf of the Group [Refer note (g) below] Trade payables [Refer note (g) below]	0	-	-	-
7	Biocon Pharma Limited	Fellow subsidiary	Research Service Cross charges towards facility and other expenses Sale of goods/other product Purchase of goods Issue of equity shares Trade Receivables	(191) - (2) (7) (12,166) -	- - - - - 117	(8) (122) (123) - - -	- - - - - 43
8	Biocon Foundation	Fellow subsidiary	Contribution towards CSR expenses Advance receivables	44 -	- 7	43 -	- 2
9	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges	39	-	31	-
			Sale of assets Trade payables [Refer note (g) below]	(1) -	- 0	- -	- 0
10	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods Trade receivables	(53) -	- 16	(78) -	- 21
11	Biofusion Therapeutics Limited	Fellow Subsidiaries	Expenses incurred on behalf of the related party Transfer of assets Trade Receivables	- - -	- - 70	(8) (62) -	- - 70
12	Biocon Academy	Fellow Subsidiaries	Expenses incurred on behalf of the related party Trade receivables	(8) -	- 9	- -	- -
13	Viatrix Group (w.e.f November 29, 2022)	Enterprise whose director has significant influence in the Group	Expense cross charge in relation to Transition Support Agreement ("TSA") [refer note 35(i)] Deferred consideration payable Contingent consideration payable Contingent consideration receivable	5,505 - - -	- (27,587) (6,583) 8,993	- - - -	- - - -



**BIOCON BIOLOGICS LIMITED**

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

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

**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2022 to March 31, 2023 (Income)/Expenses/Other transactions	Balance as at March 31, 2023 (Payable)/Receivable	April 1, 2021 to March 31, 2022 (Income)/Expenses/Other transactions	Balance as at March 31, 2022 (Payable)/Receivable
14	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (c) (d) and (e) below] Sitting fees and remuneration	144 63	29 1	154 47	16 -
(a)	The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.						
(b)	All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.						
(c)	Key managerial personnel include:						
(i)	Kiran Mazumdar Shaw	Executive Chairperson					
(ii)	Arun Chandra Varier	Managing Director (till December 5, 2022) and Non-Independent Non-Executive Director (w.e.f December 6, 2022)					
(iii)	Shreehas P Tambe	Managing Director & Chief Executive Officer (w.e.f December 5, 2022)					
(iv)	M.B. Chinappa	Chief Financial Officer					
(v)	Akhilesh Nand	Company Secretary (till February 13, 2023)					
(vi)	Deepika Srivastava	Company Secretary (w.e.f February 13, 2023)					
(vii)	Peter Plot	Independent director					
(viii)	Bobby Kanubhai Parikh	Independent director					
(ix)	Nivruti Rai	Independent director					
(x)	Russell Walls	Independent director					
(xi)	Daniel M Bradbury	Independent director					
(xii)	Thomas Jason Roberts	Non-Independent Non-Executive Director (w.e.f November 15, 2021)					
(xiii)	Rajiv Malik	Non-Independent Non-Executive Director and Nominee Director of Viatrix Inc					
(d)	The remuneration to key management personnel doesn't include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Group as a whole.						
(e)	Share based compensation expense allocable to key management personnel is Rs 114 (March 31, 2022: Rs 57), which is not included in the remuneration disclosed above.						
(f)	Fellow subsidiary companies with whom the Group did not have any transactions:						
	<b>Name</b>	<b>Relation</b>	<b>Name</b>	<b>Relation</b>			
(i)	Syngene USA Inc	Wholly-owned subsidiary of Syngene International Limited	(vi) Biocon Pharma Ireland Limited	Wholly-owned subsidiary of Biocon Pharma Limited			
(ii)	Syngene Manufacturing Solutions Limited	Wholly-owned subsidiary of Syngene International Limited	(vii) Biocon Pharma Inc	Wholly-owned subsidiary of Biocon Pharma Limited			
(iii)	Syngene Scientific Solutions Limited	Wholly-owned subsidiary of Syngene International Limited	(viii) Biocon Pharma Malta 1 Limited	Wholly-owned subsidiary of Biocon Pharma Limited			
(iv)	Biocon Pharma Malta Limited	Wholly-owned subsidiary of Biocon Pharma Limited	(ix) Biocon FZ LLC	Wholly-owned subsidiary of Biocon Limited			
(v)	Biocon Pharma UK Limited,	Wholly-owned subsidiary of Biocon Pharma Limited	(x) Biocon Biosphere Limited	Wholly-owned subsidiary of Biocon Limited			
			(xi) Biocon SA	Wholly-owned subsidiary of Biocon Limited			

(g) Amounts are not presented since the amounts are rounded off to Rupees million.



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**
**29. Tax expense**

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Amount recognised in Statement of profit and loss		
Current tax	832	931
Deferred tax (credit) / expense related to:		
MAT credit entitlement	32	(97)
Origination and reversal of temporary differences	(1,013)	(31)
<b>Tax expense for the year</b>	<b>(149)</b>	<b>803</b>
(b) Reconciliation of effective tax rate		
Profit before tax	1,186	4,628
Tax at statutory income tax rate 34.944% (March 31, 2022: 34.944%)	414	1,617
<i>Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Difference in overseas/domestic tax rates	(561)	(527)
Exempt income and other deductions	(578)	(889)
Tax losses for which no deferred tax was recognised	561	433
Non-deductible expense	(31)	18
Tax for earlier years	20	27
Impact of true-up of deferred tax due to rate change	-	114
Others	26	10
<b>Income tax (credit) / expense</b>	<b>(149)</b>	<b>803</b>

**(c) Recognised deferred tax assets and liabilities**

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

For the year ended March 31, 2023	Opening balance	Acquired through Business combination (refer note 35)	Recognised in profit or loss	Recognised in OCI	Exchange difference	Closing balance
<b>Deferred tax liabilities</b>						
Property, plant and equipments	283	-	1,022	-	102	1,406
Other intangible assets	592	2,879	75	-	-	3,546
Goodwill	-	-	654	-	-	654
Deferred consideration	-	478	(95)	-	2	385
Derivative assets	78	-	-	16	-	94
<b>Gross deferred tax liabilities</b>	<b>953</b>	<b>3,357</b>	<b>1,655</b>	<b>16</b>	<b>104</b>	<b>6,085</b>
<b>Deferred tax assets</b>						
Provision for employee benefits	132	-	38	12	-	182
Allowance for doubtful debts	9	-	-	-	-	9
MAT credit entitlement	913	-	(32)	-	-	881
Carry-forward losses	-	-	2,403	-	-	2,403
Derivative liabilities	51	-	-	-	-	51
Deferred revenue	30	-	46	-	-	76
Lease liabilities	90	-	13	-	-	103
Expenses allowed on payment basis	189	-	(82)	-	-	107
Others	111	-	249	-	6	367
<b>Gross deferred tax assets</b>	<b>1,525</b>	<b>-</b>	<b>2,636</b>	<b>12</b>	<b>6</b>	<b>4,179</b>
<b>Deferred tax assets / (liabilities) (net)</b>	<b>572</b>	<b>(3,357)</b>	<b>981</b>	<b>(4)</b>	<b>(98)</b>	<b>(1,906)</b>

For the year ended March 31, 2022	Opening balance	Acquired through Business combination (refer note 35)	Recognised in profit or loss	Recognised in OCI	Exchange difference	Closing balance
<b>Deferred tax liabilities</b>						
Property, plant and equipments	120	-	134	-	29	283
Other intangible assets	455	-	137	-	-	592
Derivative assets	38	-	-	40	-	78
<b>Gross deferred tax liabilities</b>	<b>613</b>	<b>-</b>	<b>271</b>	<b>40</b>	<b>29</b>	<b>953</b>
<b>Deferred tax assets</b>						
Provision for employee benefits	71	-	55	6	-	132
Allowance for doubtful debts	8	-	1	-	-	9
MAT credit entitlement	816	-	97	-	-	913
Derivative liabilities	165	-	-	(114)	-	51
Deferred revenue	82	-	(52)	-	-	30
Lease liabilities	52	-	38	-	-	90
Expenses allowed on payment basis	-	-	189	-	-	189
Others	40	-	71	-	-	111
<b>Gross deferred tax assets</b>	<b>1,234</b>	<b>-</b>	<b>399</b>	<b>(108)</b>	<b>-</b>	<b>1,525</b>
<b>Deferred tax assets (net)</b>	<b>621</b>	<b>-</b>	<b>128</b>	<b>(148)</b>	<b>(29)</b>	<b>572</b>



**30. Employee benefit plans**

- (i) The Group has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement/termination age and does not have any maximum monetary limit for payments. The gratuity plan is unfunded.

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

	Net defined benefit obligation	
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	349	301
Current service cost	47	44
Interest expense/(income)	21	17
<b>Amount recognised in Statement of profit and loss</b>	<b>68</b>	<b>61</b>
<i>Remeasurements:</i>		
Actuarial (gain)/loss arising from:		
Financial assumptions	(26)	(10)
Experience adjustment	59	29
<b>Amount recognised in other comprehensive income</b>	<b>33</b>	<b>19</b>
Benefits paid	(51)	(33)
<b>Balance at the end of the year</b>	<b>399</b>	<b>349</b>
Non-current	340	299
Current	59	50
	<b>399</b>	<b>349</b>

a) The assumptions used for gratuity valuation are as below:

	March 31, 2023	March 31, 2022
Discount rate	7.3%	6.1%
Expected return on plan assets	NA	NA
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 6 years (March 31, 2022 - 7 years).

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

b) 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)	(19)	21	(18)	20
Salary increase (1% change)	20	(19)	20	(18)
Attrition rate (1% change)	(3)	3	(4)	5

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	59	49
2nd Following year	49	36
3rd Following year	47	42
4th Following year	52	37
5th Following year	37	35
Years 6 to 10	383	324

- (ii) The Group provides for compensated absences to its employees. The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service years. During the year ended 31 March 2023, the Group has incurred an expense on compensated absences amounting to Rs. 117 (31 March 2022: Rs. 103). The Group determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.



**31. Financial Instruments: Fair value and risk managements****A. Accounting classification and fair values**

March 31, 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments	492	-	-	492	492	-	-	492
Trade receivables	-	-	23,443	23,443	-	-	-	-
Cash and cash equivalents	-	-	8,877	8,877	-	-	-	-
Other bank balance	-	-	527	527	-	-	-	-
Derivative assets	-	211	-	211	-	211	-	211
Other financial assets	8,993	-	638	9,631	-	-	8,993#	8,993
	<b>9,485</b>	<b>211</b>	<b>33,485</b>	<b>43,181</b>	<b>492</b>	<b>211</b>	<b>8,993</b>	<b>9,696</b>
<b>Financial liabilities</b>								
Lease liabilities	-	-	1,793	1,793	-	-	-	-
Derivative liability	-	152	-	152	-	152	-	152
Borrowings	2,054	-	142,769	144,823	-	-	2,054*	2,054
Trade payables	-	-	32,381	32,381	-	-	-	-
Other financial liabilities	6,583	-	28,972	35,555	-	-	6,583#	6,583
	<b>8,637</b>	<b>152</b>	<b>205,915</b>	<b>214,704</b>	<b>-</b>	<b>152</b>	<b>8,637</b>	<b>8,789</b>

March 31, 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments	207	-	-	207	207	-	-	207
Trade receivables	-	-	8,780	8,780	-	-	-	-
Cash and cash equivalents	-	-	1,537	1,537	-	-	-	-
Other bank balance	-	-	1,064	1,064	-	-	-	-
Derivative assets	-	224	-	224	-	224	-	224
Other financial assets	-	-	3,891	3,891	-	-	-	-
	<b>207</b>	<b>224</b>	<b>15,272</b>	<b>15,703</b>	<b>207</b>	<b>224</b>	<b>-</b>	<b>431</b>
<b>Financial liabilities</b>								
Lease Liability	-	-	2,067	2,067	-	-	-	-
Derivative liability	-	136	-	136	-	136	-	136
Borrowings	12,864	-	37,759	50,623	-	-	12,864*	12,864
Trade payables	-	-	9,044	9,044	-	-	-	-
Other financial liabilities	-	-	1,094	1,094	-	-	-	-
	<b>12,864</b>	<b>136</b>	<b>49,964</b>	<b>62,964</b>	<b>-</b>	<b>136</b>	<b>12,864</b>	<b>13,000</b>

\*Preference shares are convertible / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been recorded at its fair value which is equivalent to the face value.

# Refer Business Combination note (note 35) for details.

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

**B. Measurement of fair values**

Fair value of liquid investments are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market price.

**Sensitivity analysis**

For the fair values of forward contracts and options contracts of foreign currencies and interest rate swaps, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant observable inputs	March 31, 2023		March 31, 2022	
	Impact on other components of equity		Impact on other components of equity	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(82)	82	(110)	110
Interest rates (100 bps movement)	139	(139)	186	(186)



**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**
**C. Significant Unobservable inputs used in Level 3 Fair Values**

As at March 31, 2023	Valuation Techniques	Significant unobservable inputs	Sensitivity of input to fair value
a) Contingent consideration receivable (refer note 35)	Binomial Option Pricing Model - using risk free discount rate and growth rate.	a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 100 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 107 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Rs. 467 loss in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 530 gain in Statement of Profit and loss.
		a) Discount rate	A 1% increase in discount rate would have led to approximately Rs. 265 gain in Statement of Profit and loss. A 1% decrease would have led to approximately Rs. 268 loss in Statement of Profit and loss.
		b) Volatility rate	A 5% increase in volatility rate would have led to approximately Rs. 78 gain in Statement of Profit and loss. A 5% decrease would have led to approximately Rs. 365 loss in Statement of Profit and loss.
b) Contingent consideration payable (refer note 35)	Binomial Option Pricing Model - using risk free discount rate and growth rate. The fair value is equal to the present value of the probability - weighted future payoffs		
c) Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	Equivalent to Face value	Not Applicable	Not Applicable

As at March 31, 2022	Valuation Techniques	Significant unobservable inputs	Sensitivity of input to fair value
a) Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	Equivalent to Face value	Not Applicable	Not Applicable
b) Optionally Convertible Redeemable Preference Shares ("OCRPS") [refer note 12(a)(ii)(c)]	Equivalent to Face value	Not Applicable	Not Applicable

**D. Reconciliation of Level 3 fair values**
**At April 01, 2021**

Gain/loss included in Statement of Profit and loss

- Net change in fair value (unrealised)

Foreign currency translation adjustment

**At March 31, 2022**

Assumed in a business combination (refer note 35)

- Net change in fair value loss (unrealised)

- Net change in fair value gain (unrealised)

Derecognised on account of conversion to Equity shares

Foreign currency translation adjustment

**At March 31, 2023**

Contingent consideration receivable	Contingent consideration payable	NCRPS	OCRPS
-	-	2,054	10,810
-	-	-	-
-	-	2,054	10,810
10,251	7,366	-	-
(1,323)	-	-	-
-	(783)	-	-
-	-	-	(10,810)
65	-	-	-
8,993	6,583	2,054	-

**E. Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**(i) Risk management framework**

The Group'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.



**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)****(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 from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the balance sheet. The Group uses ageing analysis to monitor the credit quality of its receivables.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables, unbilled revenue and other receivables. The exposure to credit risk as at reporting date amounts to Rs 27 (March 31, 2022: Rs 27).

	March 31, 2023	March 31, 2022
<b>Allowance for impairment</b>		
Opening Balance	27	27
Impairment loss recognised/reversed	-	-
<b>Closing Balance</b>	<b>27</b>	<b>27</b>

Refer to Note 10 for details of ageing of trade receivables and allowance for credit losses. Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

Trade receivables including unbilled revenue from two individual customer is Rs. 6,689 (March 31, 2022 - Rs. 4,483) which is individually more than 10 percent of the Group's trade receivables including unbilled revenue.

Credit risk on cash and cash equivalents is limited as the Group generally transacts with Banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	12,197	8,003	123,911	712	144,823
Lease liabilities	525	519	905	421	2,370
Trade payables	32,381	-	-	-	32,381
Derivative liabilities	131	21	-	-	152
Other financial liabilities	3,399	32,156	-	-	35,555
<b>Total</b>	<b>48,633</b>	<b>40,699</b>	<b>124,816</b>	<b>1,133</b>	<b>215,281</b>

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	18,959	247	30,788	629	50,623
Lease liabilities	539	509	1,076	691	2,815
Trade payables	9,044	-	-	-	9,044
Derivative liabilities	106	6	24	-	136
Other financial liabilities	1,094	-	-	-	1,094
<b>Total</b>	<b>29,742</b>	<b>762</b>	<b>31,888</b>	<b>1,320</b>	<b>63,712</b>

**(iv) Market risk**

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

**Foreign currency risk**

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

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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees Million, 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:

<b>March 31, 2023</b>	<b>USD</b>	<b>EUR</b>	<b>Others</b>	<b>Total</b>
<b>Financial assets</b>				
Investments	29	-	-	29
Trade receivables	12,904	5,488	3,052	21,444
Cash and cash equivalents	5,585	2,302	302	8,189
Other bank balance	26	-	-	26
Derivative assets	211	-	-	211
Other financial assets	9,080	157	11	9,248
<b>Financial liabilities</b>				
Non-current borrowings	(125,072)	-	-	(125,072)
Current borrowings	(3,041)	-	(287)	(3,328)
Derivative liabilities	(151)	-	-	(151)
Trade payables	(15,149)	(7,891)	(3,287)	(26,327)
Lease liabilities	(4)	-	-	(4)
Other financial liabilities	(34,658)	(62)	(128)	(34,848)
<b>Net liabilities</b>	<b>(150,240)</b>	<b>(7)</b>	<b>(337)</b>	<b>(150,583)</b>
<b>March 31, 2022</b>	<b>USD</b>	<b>EUR</b>	<b>Others</b>	<b>Total</b>
<b>Financial assets</b>				
Investments	102	-	-	102
Trade receivables	7,618	45	137	7,800
Cash and cash equivalents	896	12	171	1,079
Other bank balance	64	-	-	64
Derivative assets	224	-	-	224
Other financial assets	3,691	-	20	3,711
<b>Financial liabilities</b>				
Non-current borrowings	(26,164)	-	-	-26,164
Current borrowings	(2,845)	-	-	-2,845
Derivative liabilities	(136)	-	-	-136
Trade payables	(3,888)	(265)	(715)	-4,868
Lease liabilities	(10)	-	-	-10
Other financial liabilities	(424)	(54)	(57)	-535
<b>Net liabilities</b>	<b>(20,872)</b>	<b>(262)</b>	<b>(444)</b>	<b>(21,578)</b>

**Sensitivity analysis**

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

<b>Particulars</b>	<b>Impact on profit or (loss)</b>		<b>Impact on other components of equity</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(238)	(195)	(1,584)	(318)
INR/USD - Decrease by 1%	238	195	1,584	318
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	(10)	(1)	(1)	(3)
INR/EUR - Decrease by 1%	10	1	1	3

**Derivative financial instruments**

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

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>(in Million)</b>	
Foreign exchange forward contracts to buy between 0-2 Years	USD 116	USD 151
European style option contracts with periodical maturity dates between 0-2 Years	USD 25	USD 70
European style range forward contracts with periodical maturity dates between 0-2 Years	USD 108	USD 63
Interest rate swaps used for hedging LIBOR component in external commercial borrowings	USD 75	USD 75





**BIOCON BIOLOGICS LIMITED****Notes to consolidated financial statements for the year ended March 31, 2023****(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)****Cash flow and fair value interest rate risk**

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

**(a) Interest rate risk exposure**

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

Particulars	March 31, 2023	March 31, 2022
Variable rate borrowings	115,731	13,842
Fixed rate borrowings	29,092	36,781
<b>Total borrowings</b>	<b>144,823</b>	<b>50,623</b>

**(b) Sensitivity**

The Group policy is to maintain a optimum balance between fixed and variable rate borrowings using interest rate swaps to achieve this when necessary. The Group is therefore subject to interest rate risk as defined under Ind AS 107.

A reasonably possible change of 100 basis points in interest rates for variable rate borrowings at the reporting date would have increased (decreased) equity and profit or loss by Rs. 1,157 (March 31, 2022 : Rs. 138)

**Net Investment hedges**

A foreign currency exposure arises from the Group's net investment in its UK subsidiary that has a USD functional currency. The risk arises from the fluctuation in spot exchange rates between the USD and the INR, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening USD against the INR that will result in a reduction in the carrying amount of the Group's net investment in the UK subsidiary.

During the current year, the Group designated a USD denominated loan as a hedging instrument to hedge its net investment in foreign operation of the UK subsidiary, which mitigates the foreign currency risk arising from the subsidiary's net assets.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

	Nominal Amount	Assets	Liabilities	March 31, 2023		
				Balance sheet item where the hedging instrument is included	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss
<b>Hedging Instrument</b>						
Foreign exchange denominated debt (USD)	6,164	-	(6,164)	Borrowings	(470)	-
<b>Hedged item</b>						
USD net investment	6,164	6,164	-	Net investment	470	-

**32. Capital management**

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Group focused on keeping strong total capital 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 Group.

To maintain a stable capital structure, during the year the Group had issued equity shares (refer note 12) for a consideration (net of issue expense) of Rs. 65,265.

The Group had issued NCRPS and OCRPS to the Holding Company which are classified as financial liabilities in these financial statements. However, the Group has considered NCRPS and OCRPS as part of capital for below disclosure. OCRPS was converted to equity shares during the current year.

The Group's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future period.

The future dividends of equity and preference 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 was as follows:

Particulars	March 31, 2023	March 31, 2022
Total equity	176,076	22,108
Preference share capital (NCRPS and OCRPS)	2,054	12,864
<b>Total capital attributable to the shareholders of the Company (including NCRPS and OCRPS)</b>	<b>178,130</b>	<b>34,972</b>
<b>As a percentage of total capital</b>	<b>56%</b>	<b>48%</b>
Non-current borrowings *	130,572	31,664
Current borrowings	12,197	6,095
<b>Total borrowings</b>	<b>142,769</b>	<b>37,759</b>
<b>As a percentage of total capital</b>	<b>44%</b>	<b>52%</b>
<b>Total capital (Equity capital, preference capital and borrowings)</b>	<b>320,899</b>	<b>72,731</b>

\* includes OCD amounting to Rs. 14,030 (March 31, 2022 : Rs. 12,344) [refer note 13(h)]



**BIOCON BIOLOGICS LIMITED**

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

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

**33. Interest in other entities****(a) Subsidiaries**

The Group's subsidiaries as at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the Group (%)		Principal activities
		March 31, 2023	March 31, 2022	
Biocon Biologics UK Limited	United Kingdom	100	100	Sale of biopharmaceutical products
Biocon Sdn Bhd	Malaysia	100	100	Manufacturing and sale of biopharmaceutical products
Biocon Biologics Inc.	United States of America	100	100	Sale of biopharmaceutical products
Biocon Biologics Healthcare Malaysia Sdn Bhd	Malaysia	100	100	Sale of biopharmaceutical products
Biocon Biologics Do Brasil LTDA	Brazil	100	100	Sale of biopharmaceutical products
Biocon Biologics FZ LLC	United Arab Emirates	100	100	Sale of biopharmaceutical products
Biosimilars Newco Limited	United Kingdom	100	-	Sale of biopharmaceutical products
Biosimilar Collaborations Ireland Limited	Ireland	100	-	Sale of biopharmaceutical products
Biocon Biologics Germany GmbH	Germany	100	-	Sale of biopharmaceutical products
Biocon Biologics Canada Inc.	Canada	100	-	Sale of biopharmaceutical products

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**BIOCON BIOLOGICS LIMITED**

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

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

34. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary

Name of Entity	Net assets as at March 31, 2023		Share in profit or loss for the year ended March 31, 2023		Share in other comprehensive income for the year ended March 31, 2023		Share in total comprehensive income for the year ended March 31, 2023	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Biologics Limited	41%	1,67,856	1403%	(4,453)	100%	8	1439%	(4,445)
<b>Subsidiaries</b>								
<i>Foreign</i>								
Biocon Sdn Bhd	0%	(624)	-600%	1,905	0%	-	-617%	1,905
Biocon Biologics UK Limited	23%	95,730	-1322%	4,190	0%	-	-1356%	4,190
Biocon Biologics Healthcare Malaysia Sdn Bhd	0%	(1)	0%	(0)	0%	-	0%	(0)
Biocon Biologics Inc	0%	57	-4%	14	0%	-	-5%	14
Biocon Biologics Do Brasil LTDA	0%	80	0%	1	0%	-	0%	1
Biocon Biologics FZ LLC	0%	83	-2%	5	0%	-	-2%	5
Biosimilars Newco Limited	24%	96,365	1020%	(3,237)	0%	-	1047%	(3,237)
Biosimilar Collaborations Ireland Limited	12%	49,579	-396%	1,258	0%	-	-407%	1,258
<b>Gross Total</b>	<b>100%</b>	<b>4,09,126</b>	<b>100%</b>	<b>(317)</b>	<b>100%</b>	<b>8</b>	<b>100%</b>	<b>(309)</b>
Adjustment arising on consolidation		(2,33,049)		1,652		1,529		3,181
<b>Total</b>		<b>1,76,076</b>		<b>1,335</b>		<b>1,537</b>		<b>2,872</b>
<b>Name of Entity</b>	<b>Net assets as at March 31, 2022</b>		<b>Share in profit or loss for the year ended March 31, 2022</b>		<b>Share in other comprehensive income for the year ended March 31, 2022</b>		<b>Share in total comprehensive income for the year ended March 31, 2022</b>	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Biologics Limited	49%	21,206	40%	860	87%	340	47%	1,200
<b>Subsidiaries</b>								
<i>Foreign</i>								
Biocon Sdn Bhd	-11%	(4,834)	-50%	(1,080)	13%	50	-41%	(1,030)
Biocon Biologics UK Limited	62%	26,840	117%	2,524	0%	-	100%	2,524
Biocon Biologics Healthcare Malaysia Sdn Bhd	0%	(1)	0%	(0)	0%	-	0%	(0)
Biocon Biologics Inc	0%	(72)	-5%	(110)	0%	-	-4%	(110)
Biocon Biologics Do Brasil LTDA	0%	(16)	-2%	(49)	0%	-	-2%	(49)
Biocon Biologics FZ LLC	0%	74	0%	1	0%	-	0%	1
<b>Gross Total</b>	<b>100%</b>	<b>43,197</b>	<b>100%</b>	<b>2,146</b>	<b>100%</b>	<b>390</b>	<b>100%</b>	<b>2,536</b>
Adjustment arising on consolidation		(21,089)		1,679		569		2,248
<b>Total</b>		<b>22,108</b>		<b>3,825</b>		<b>959</b>		<b>4,784</b>



**35 Business combination**

On February 27, 2022, the Group entered into a definitive agreement with its collaboration partner Viatris Inc. to acquire Viatris' biosimilars business to create a fully integrated global biosimilars enterprise, at a total consideration of Rs. 247,255, including cash of Rs. 156,645 and Compulsorily Convertible Preference Shares ('CCPS') in BBL of Rs. 82,181. The said transaction obtained necessary regulatory and other approvals and the closing conditions were satisfied on November 29, 2022 pursuant to which, the Group acquired control over the Viatris' biosimilar business through subsidiaries Biosimilars Newco Limited (UK) and Biosimilar Collaborations Ireland Limited. The Company has accounted for the transaction under Ind AS 103, "Business Combinations". The acquired business have been consolidated effective November 29, 2022, the consummation date.

The Group along with Viatris, the seller, is currently in the process of completing its determination of working capital balances taken over by Biocon Biologics as part of the acquisition. Pending such determination and other adjustments as envisaged in the agreement, the Group has carried out a provisional purchase price allocation between goodwill, intangible assets and other working capital balances taken over. These initial estimates will be finalized over the next few quarters not exceeding twelve-month period allowed under the accounting requirements.

Below is the details of purchase price allocation on provisional basis:

	<b>Amount</b>
Cash	1,56,645
0.001% Compulsorily Convertible Preference Shares (CCPS)	82,181
Equity shares *	0
Deferred consideration payable	27,940
Contingent consideration receivable	(10,251)
Settlement of pre-existing relationship	(9,260)
<b>Total consideration</b>	<b>2,47,255</b>
<b>Assets acquired</b>	
Trade receivables	16,097
Inventories	13,742
Other assets	253
Goodwill	1,59,831
Brands (refer note (g) below)	2,632
License to the patents (refer note (g) below)	29,114
Product related Intangibles (refer note (g) below)	60,868
<b>Liabilities assumed</b>	
Trade payables	(30,618)
Provision for sales return	(1,307)
Deferred tax liability	(3,357)
<b>Total net assets acquired</b>	<b>2,47,255</b>

\*below rounding-off norms

- (a) CCPS were fair valued using Binomial Option Pricing Model at Rs. 82,181. Each CCPS shall be convertible into equity shares at any time at the option of the holder at a conversion rate of 1:1. The Company has an obligation to issue further equity shares to Mylan Inc, subject to maximum of 61,562,420 equity shares, such that the fair value of the equity holding post conversion is atleast USD 1,000 Mn. The issue of additional shares results in contingent consideration. The CCPS on initial recognition has been bifurcated into equity component of Rs. 74,815 (fixed to fixed conversion) and contingent consideration (derivative liability) of Rs. 7,366.
- (b) The Group has issued one equity share at fair value of Rs. 280.74 per share, based on the valuation report by the independent valuer.
- (c) The Group has agreed for deferred consideration payable after 18-24 months from the acquisition date, fair valued at Rs. 27,940.
- (d) Contingent consideration receivable amount will be due from Viatris Inc to the Company provided the value of CCPS at the time of conversion is USD 1,000 Mn. If the value of CCPS at the time of conversion is below USD 1,000 Mn, Viatris Inc will adjust shortfall against Contingent consideration receivable to the maximum cap of USD 250 Mn.

Considering that the amount of Contingent consideration receivable is dependent on the value of the CCPS at the time of conversion event, a Binomial Option Pricing Model has been applied to estimate the future equity value of the Company and Contingent consideration receivable is fair valued at Rs. 10,251.

- (e) The Group and Viatris had entered into an arrangement, to collaborate to develop, manufacture and commercialize certain biosimilar products. In line with Ind AS 103, settlement of pre-existing relationship did not result in any gain or loss in statement of profit and loss since the transaction was at arm's length. Liability towards pre-existing relationship amounting to Rs. 9,260 has been de-recognised with a corresponding impact to Goodwill.
- (f) The Goodwill of Rs. 159,831 consists largely of the synergies and economies of scale expected from the acquired business, together with the value of the workforce acquired. The Goodwill generated on acquisition of business amounting to Rs. 126,708 is deductible for tax purposes, while remaining portion is non-deductible for tax purposes.



(g) The valuation techniques used for measuring the fair value of material assets acquired were as follows:

**Intangible assets** - Relief from-royalty method and multi-period excess earnings method.

- The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned.
- The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the Intellectual Property rights, by excluding any cash flows related to contributory assets.

**Inventory** -

Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(h) Acquisition related costs amounted to Rs. 2,374 and were excluded from the consideration transferred and were recognised as expense under "Exceptional items" in the Statement of profit and loss for the year ended 31 March 2023 [refer note 40(a)].

(i) For the period November 29, 2022 till 31 March 2023, acquired business contributed revenue of Rs. 22,074, Profit before tax, interest, depreciation, amortisation and exceptional items of Rs. 4,007 and Profit before tax and exceptional items of Rs. 73 to the Group's results.

If the acquisition had occurred on 1 April 2022, management estimates that consolidated revenue would have been Rs. 99,269, consolidated Profit before tax, interest, depreciation, amortisation and exceptional items of Rs. 21,263 and consolidated Profit before tax and exceptional items for the year would have been Rs. 4,173. In determining these estimates, the management has annualised the revenue and profitability of the acquired business for the period November 29, 2022 till March 31, 2023.

(j) The Group has entered into Transition Support Agreement ('TSA') with Viatri Inc to provide commercial and other transition services to ensure continuity of customer service and smooth transition to BBL.

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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**
**36. Contingent liabilities and commitments**
*(to the extent not provided for)*
**(i) Contingent liabilities**
**(a) Claims against the Group not acknowledged as debt**

March 31, 2023	March 31, 2022
1,111	1,107
The above includes	
(i) Direct taxation	986
(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)	125

The Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Group believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.

Other than the matter disclosed above, the Group is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters will not have any material adverse effect on the Group's financial position and results of operations.

**(ii) Commitments:**
**(b) Estimated amount of contracts remaining to be executed on capital account and not provided for**

7,592	4,031
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**37. Earning per equity share (EPS) :**
**Earnings**
**For basic and diluted EPS\***

Year ended March 31, 2023	Year ended March 31, 2022
------------------------------	------------------------------

1,335	3,825
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**Shares**
**Basic outstanding shares**

1,05,88,49,676	1,05,88,49,676
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**Add: Weighted average shares issued during the year**

10,81,47,478	-
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**Weighted average shares used for computing basic EPS**

1,16,69,97,154	1,05,88,49,676
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**Add: Effect of dilutive rights granted under OCRPS**

1,23,42,820	3,84,56,065
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**Add: Effect of dilutive rights granted under CCPS**

9,78,42,785	-
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**Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise**

39,99,218	23,33,060
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**Add: Effect of dilutive rights granted under OCD \***

-	-
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**Weighted average shares used for computing diluted EPS**

1,28,11,81,977	1,09,96,38,801
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**Earnings per equity share**
**Basic (in Rs)**

1.14	3.61
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**Diluted (in Rs)**

1.04	3.48
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\*As at March 31, 2023, outstanding OCD are anti-dilutive in nature.

The Company on May 19, 2023 issued 5,343,022 Compulsorily Convertible Debentures and on May 20, 2023 issued 17,810,073 Optionally Convertible Debentures.

**38. Segmental reporting**

The Chief Operating Decision Maker reviews the operations of the Group as Pharmaceutical business, which is considered to be the only reportable segment by the management.

**Geographical segment**

For details of revenue by geography please refer to note 19.1

**Non-current assets**
**Particulars**

March 31, 2023	March 31, 2022
India	33,733
Ireland	65,735
UK	2,02,679
Malaysia	27,547
Rest of the world	8
<b>Total</b>	<b>3,29,702</b>

Note: Non-current assets excludes derivative assets, income tax and deferred tax assets.

For details of significant customer refer note 19.5



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**BIOCON BIOLOGICS LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2023**
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**
**39. Employee stock compensation**
**a) Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24**

On July 21, 2021, Board of Directors of the Company approved the Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24 ('RSU Plan 2022') for the grant of Restricted stock units to the employees of the Company and its subsidiaries. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon Biologics Employees Welfare Trust.

In August 2021, based on the approval of the Board, the Company granted RSUs to its employees under this Plan. For grants made before August 1, 2021, the options would vest to the employees as 33%, 33% and 34% of the total grant at the end of first, second and third year, respectively from the date of grant. For grants made in August, 2022, the vesting would be 50% and 50% of the total grant at the end of first and second year, respectively from the date of grant. Exercise period is 3 years for each grant. These options are exercisable at Rs. 10 per RSU. The RSU Plan provides for certain market and non-market conditions for vesting which are measured through revenue, profit, achievement of key milestones and share price increase.

**b) Biocon Biologics Limited Restricted Stock Units Plan 2023**

On February 22, 2023, Board of Directors of the Company approved the Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2023 ('RSU Plan 2023') for the grant of Restricted stock units to the employees of the Company and its subsidiaries. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employees Welfare Trust.

In March 2023, based on the approval of the Board, the Company granted RSUs to its employees under this Plan. The options under this grant would vest to the employees as 25% in first year after the grant date, 25% on the event of IPO, 25% after the expiry of one year from IPO date and 25% after the expiry of 2 years from the IPO date. The options are exercisable only on the event of an IPO and exercise period shall be one year from the date of last vesting. These options are exercisable at Rs. 10 per RSU.

Particulars	March 31, 2023		March 31, 2022	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
<b>RSU Plan 2022</b>				
Outstanding at the beginning of the year	5,142,857	10	-	-
Granted during the year	1,315,802	10	5,142,857	10
Lapses/forfeited during the year	805,518	10	-	-
Exercised during the year	15,911	10	-	-
Expired during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>5,637,231</b>	<b>10</b>	<b>5,142,857</b>	<b>10</b>
Exercisable at the end of the year	1,272,862	10	-	10
Weighted average remaining contractual life (in years)	4.3	-	5.3	-
Weighted average fair value of options granted	214.3	-	208.1	-
<b>RSU Plan 2023</b>				
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,039,997	10	-	-
Lapses/forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>2,039,997</b>	<b>10</b>	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	5.0	-	-	-
Weighted average fair value of options granted	229.3	-	-	-

Assumptions used in determination of the fair value of the stock options under the option pricing model for the grants during the year are as follows:

Particulars	For options granted in		
	March 31, 2023 RSU Plan 2023	March 31, 2023 RSU Plan 2022	March 31, 2022 RSU Plan 2022
Weighted Average Exercise Price	10	10	10
Expected volatility	39.5% - 44.7%	39.9% - 43.5%	49.2% - 50.2%
Life of the options granted (vesting and exercise period) in years	5	5	6
Average risk-free interest rate	7.1% - 7.4%	5.4% - 6.7%	5.3% - 5.6%
Expected dividend rate	0%	0%	0%

The Company has recorded an amount of Rs 447 (March 31, 2022: 412) as cost of the above RSU Plan in the statement of profit and loss.

b) The employees of the Group are eligible for shares under the Biocon Employee Stock Option Plan ('ESOP Plan 2000'), Biocon - Restricted Stock Units of Syngene International Limited ('RSU Plan 2015') and Biocon - Restricted Stock Units of Biocon Biologics Limited (formerly "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	2,364,629	4,254,067
RSU Plan 2015	-	69,942
RSU Plan 2019 #	4,237,141	4,771,688

# adjusted for the impact of bonus issue

The Group has recorded an amount of Rs 259 (March 31, 2022: Rs. 137) as cost of the above stock option plans based on amounts cross charged by its Holding company.



**40. Exceptional item**

- a) The Group obtained services of professional experts (like advisory, legal counsel, valuation experts etc.) for the acquisition completed during the year, as mentioned in note 35. The Group has recorded Rs 2,374 and Rs 410 during the year ended March 31, 2023 and March 31, 2022, respectively as an expense in the consolidated statement of profit and loss under the head 'Exceptional items'. Consequential tax impact of Rs 231 and Rs 169 is included within tax expense for the year ended March 31, 2023 and March 31, 2022, respectively.

Pursuant to the said acquisition, the Group also reassessed the value of certain licensed products for development and commercialization and recorded an impairment of certain intangible assets amounting to Rs 470. The impairment has been recognized as an exceptional item during the year ended March 31, 2023. Consequential tax impact of Rs. 62 million is included within tax expense for the year ended March 31, 2023.

- b) During the year ended March 31, 2022, the Group had entered into amendment agreement with Goldman Sachs India AIF Scheme-I ('Investor') which resulted in modification of the compound financial instrument. Resulting loss on the modification was recorded within statement of profit and loss. The amount of Rs 274 was charged in the statement of profit and loss and has been disclosed as an exceptional item during the year ended March 31, 2022. Consequential tax impact of Rs. 49 is included within tax expense. Refer to note 13(h) for further details.
- c) The Ministry of Commerce and Industry, Government of India issued a Gazette notification number 29/2015-2020 dated September 23, 2021 on Service Exports from India Scheme (SEIS) for services rendered in financial year 2019-20 with the total entitlement capped at Rs. 50 per exporter for the period. The Company during the financial year ended March 31, 2022 has reversed the SEIS claim receivables of Rs. 120 for the financial year 2019-20 and the same has been presented under exceptional items. Consequential tax impact of Rs. 21 is included within tax expense in the same period.

**41. Events after the reporting date**

On January 03, 2022, the Board of Directors of the Company had approved the scheme of Merger by Absorption ('the Scheme') of Covidshield Technologies Private Limited ("CTPL" or the Transferor company), a wholly owned subsidiary of Serum Institute Life Sciences Private Limited ("SILS"), with and into the Company (the Transferee company) with an appointed date of October 01, 2022. The Scheme was subject to the requisite statutory approvals including approval of National Company Law Tribunal ("NCLT").

Subsequent to March 31, 2023, the Company and SILS mutually determined to re-evaluate the merger and accordingly have agreed to withdraw from the said merger proposal.

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**BIOCON BIOLOGICS LIMITED**

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

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

**42. Other statutory information**

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

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

(v) The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

**43.** 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.

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

Date: **May 23, 2023**

for and on behalf of the **Board of Directors of Biocon Biologics Limited**



**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

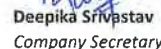
**Shreehas P Tambe**

Managing Director

DIN: 09796480



**M. B. Chinappa**  
Chief Financial Officer



**Deepika Srivastav**  
Company Secretary

Bengaluru

Date: May 22, 2023



# B S R & Co. LLP

Chartered Accountants

Embassy Golf Links Business Park  
Pebble Beach, B Block, 3rd Floor  
Off Intermediate Ring Road  
Bengaluru 560 071 India

Telephone +91 80 4682 3000  
Fax +91 80 4682 3999

## Independent Auditor's Report

### To the Members of Biocon Biologics Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Biocon Biologics Limited (*formerly known as Biocon Biologics India Limited*) (hereinafter referred to as the "Holding Company"), its employee welfare trust and its subsidiaries (Holding Company, its employee welfare trust and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of a subsidiary as was audited by the other auditor, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditor referred to in paragraph (a) of the "Other Matter" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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

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

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

**Independent Auditor's Report (Continued)**

**Biocon Biologics Limited**

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon (Continued)**

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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'/Board of Trustees Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

**Independent Auditor's Report (Continued)**

**Biocon Biologics Limited**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matter" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 matter that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Independent Auditor's Report (Continued)**

**Biocon Biologics Limited**

**Other Matter**

- (a) We did not audit the financial statements / financial information of a subsidiary, whose financial statements/financial information reflect total assets (before consolidation adjustments) of Rs.34,644 million as at 31 March 2022, total revenues (before consolidation adjustments) of Rs.7,867 million and net cash flows (before consolidation adjustments) amounting to Rs.106 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

This subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditor under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements/financial information of its subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the reports of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- (b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements/financial information certified by the Management.

**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, based on our audit and on the consideration of report of the other auditor on separate financial statements of such subsidiary, as was audited by other auditor, as noted in the "Other Matter" paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.



**Independent Auditor's Report (Continued)**

**Biocon Biologics Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of a subsidiary, as noted in the "Other Matter" paragraph:
- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 35(i) to the consolidated financial statements.
  - b) Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 31 to the consolidated financial statements in respect of such items as it relates to the Group.
  - c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company, during the year ended 31 March 2022.
  - d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 42 to the consolidated 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 Holding Company or its subsidiary company, to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary company, or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.



**Independent Auditor's Report (Continued)**

**Biocon Biologics Limited**

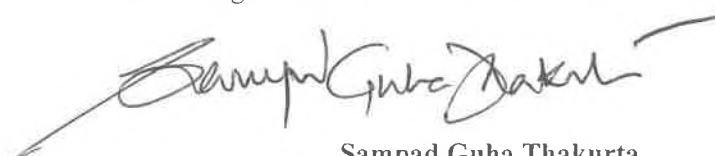
**Report on Other Legal and Regulatory Requirements (Continued)**

- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the note 42 to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company, from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary company, shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The Holding Company and its subsidiary company, have neither declared nor paid any dividend during the year.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, is not in excess of the limit laid down under Section 197 of the Act. 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 No. 101248W/W-100022



**Sampad Guha Thakurta**

*Partner*

Membership No: 060573


UDIN: 22060573AHYMW8503

Place: Bengaluru  
Date: 27 April 2022

**Annexure A to the Independent Auditors' Report on the Consolidated financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) for the year ended 31 March 2022**

According to the information and explanations given to us and based on our examination, there are no companies included in the consolidated financial statements of the Holding Company which are companies incorporated in India except the Holding Company. The Companies (Auditor's Report) Order, 2020 of the Holding Company did not include any unfavourable answers or qualifications or adverse remarks.

*for B S R & Co. LLP*  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022



**Sampad Guha Thakurta**  
*Partner*

Place: Bengaluru  
Date: 27 April 2022

Membership No: 060573  
UDIN: 22060573AHYMWT8503



**Annexure B to the Independent Auditors' report on the consolidated financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) for the year ended 31 March 2022**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) (hereinafter referred to as "the Holding Company"), a company incorporated in India under the Companies Act, 2013, as of that date.

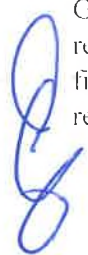
In our opinion, the Holding Company have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.



**Annexure B to the Independent Auditors' report on the consolidated financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) for the year ended 31 March 2022 (continued)**

**Auditor's Responsibility (Continued)**

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 internal financial controls with reference to consolidated financial statements.

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

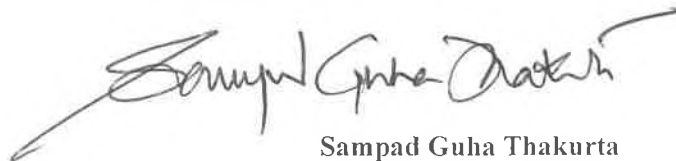
A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes 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.

**Annexure B to the Independent Auditors' report on the consolidated financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) for the year ended 31 March 2022 (continued)**

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

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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 No. 101248W/W-100022



**Sampad Guha Thakurta**  
*Partner*

Place: Bengaluru  
Date: 27 April 2022

Membership No: 060573  
UDIN: 22060573AHYMWT8503

**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022**  
(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	March 31, 2022	March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(a)	24,172	24,541
Capital work-in-progress	3(a)	23,922	17,800
Right-of-use assets	3(b)	1,769	1,730
Other Intangible assets	4	5,504	5,838
Intangible assets under development	4	6,166	4,892
<b>Financial assets</b>			
(i) Derivative assets		53	26
(ii) Other financial assets	5(a)	71	117
Income tax assets (net)		766	776
Deferred tax assets (net)	6	1,095	1,414
Other non-current assets	7(a)	1,533	1,347
<b>Total non-current assets</b>		<b>65,051</b>	<b>58,481</b>
<b>Current assets</b>			
Inventories	8	14,105	12,437
<b>Financial assets</b>			
(i) Current investments	9	207	3,330
(ii) Trade receivables	10	8,780	5,849
(iii) Cash and cash equivalents	11	1,537	2,583
(iv) Bank balance other than (iii) above	11	1,064	2,060
(v) Derivative assets		171	103
(vi) Other financial assets	5(b)	3,820	4,113
Other current assets	7(b)	2,216	1,774
<b>Total current assets</b>		<b>31,900</b>	<b>32,249</b>
<b>TOTAL</b>		<b>96,951</b>	<b>90,730</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12(a)	10,588	10,588
Other equity	12(b)	11,520	7,223
<b>Total equity</b>		<b>22,108</b>	<b>17,811</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	13	31,664	24,607
(ii) Lease liabilities	27	1,575	1,527
(iii) Derivative liabilities		30	390
Provisions	14(a)	299	270
Deferred tax liabilities (net)	6	523	793
Other non-current liabilities	15(a)	9,589	7,844
<b>Total non-current liabilities</b>		<b>43,680</b>	<b>35,431</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	16	18,959	23,675
(ii) Lease liabilities	27	492	438
(iii) Trade payables	17		
-Total outstanding dues of micro and small enterprises		375	453
-Total outstanding dues of creditors other than micro and small enterprises		8,669	8,861
(iv) Derivative liabilities		106	228
(v) Other financial liabilities	18	1,094	2,128
Provisions	14(b)	425	357
Income tax liabilities (net)		288	411
Other current liabilities	15(b)	755	937
<b>Total current liabilities</b>		<b>31,163</b>	<b>37,488</b>
<b>TOTAL</b>		<b>96,951</b>	<b>90,730</b>

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

As per our report of even date attached

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

for and on behalf of the **Board of Directors of Biocon Biologics Limited**  
(formerly known as "Biocon Biologics India Limited")

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

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

**Arun Suresh Chandavarkar**  
Managing Director  
DIN: 01596180

**M. B. Chinappa**  
Chief Financial Officer

**Akhilesh Kumar Nand**  
Company Secretary

Bengaluru  
April 27, 2022

Bengaluru  
April 27, 2022



**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2022**  
(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Note	Year ended March 31, 2022	Year ended March 31, 2021
<b>Income</b>			
Revenue from operations	19	34,643	27,972
Other income	20	104	64
<b>Total income</b>		<b>34,747</b>	<b>28,036</b>
<b>Expenses</b>			
Cost of raw materials and packing materials consumed	21	9,547	9,313
Purchases of traded goods		1,467	688
Changes in inventories of finished goods, traded goods and work-in-progress	22	(977)	(2,747)
Employee benefits expense	23	7,169	6,106
Finance costs	24	668	372
Depreciation and amortisation expense	25	4,029	3,430
Other expenses	26	12,176	10,708
		<b>34,079</b>	<b>27,870</b>
Less: Recovery of cost from co-development partners (net)		(4,764)	(3,480)
<b>Total expenses</b>		<b>29,315</b>	<b>24,390</b>
<b>Profit before tax and exceptional items</b>		<b>5,432</b>	<b>3,646</b>
Exceptional items	40	(804)	(226)
<b>Profit before tax</b>		<b>4,628</b>	<b>3,420</b>
<b>Tax expenses</b>	29		
Current tax		931	685
Deferred tax (credit) / charge		(97)	(261)
MAT credit entitlement		(31)	321
Other deferred tax			
<b>Total tax expense</b>		<b>803</b>	<b>745</b>
<b>Profit for the year</b>		<b>3,825</b>	<b>2,675</b>
<b>Other comprehensive (expense)/income (OCI)</b>			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement losses on defined benefit plans		(19)	(5)
Income tax effect		6	2
		<b>(13)</b>	<b>(3)</b>
(ii) Items that may be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		557	(411)
Exchange difference on translation of foreign operations		569	(145)
Income tax effect		(154)	110
		<b>972</b>	<b>(446)</b>
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>959</b>	<b>(449)</b>
<b>Total comprehensive income for the year</b>		<b>4,784</b>	<b>2,226</b>
<b>Earnings per equity share</b>	36		
Basic (in Rs)		3.61	2.58
Diluted (in Rs)		3.48	2.49

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

As per our report of even date attached

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

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

Bengaluru  
April 27, 2022

for and on behalf of the **Board of Directors of Biocon Biologics Limited**  
(formerly known as "Biocon Biologics India Limited")

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

**M. B. Chinappa**  
Chief Financial Officer

Bengaluru  
April 27, 2022

**Arun Suresh Chandavarkar**  
Managing Director  
DIN: 01596180

**Akhilesh Kumar Nand**  
Company Secretary





**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2022**  
(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)

	March 31, 2022	March 31, 2021
(A) Ordinary equity share capital		
Opening balance	10,588	2,060
Bonus shares issued during the year	-	8,242
Shares issued during the year	-	286
Closing balance	10,588	10,588

(B) Other equity	Reserves and surplus					Other comprehensive income			Total other equity
	Equity portion of preference shares [refer note 12 and 13]	Equity portion of optionally convertible debentures [refer note 13]	Securities Premium	Retained earnings	SEZ reinvestment reserve	Amalgamation adjustment reserve	Debt redemption reserve	Capital redemption reserve	
Balance at April 1, 2020	766	-	5,244	(703)	-	(1,348)	-	-	5,396
Profit for the year	-	-	-	2,675	-	-	-	-	2,675
Other comprehensive income, net of tax	-	-	-	-	-	-	-	(301)	(449)
Total comprehensive income for the year	-	-	-	2,675	-	-	-	(301)	2,226
Transactions recorded directly in equity	-	-	-	-	-	-	-	-	-
Premium received on issue of shares during the year	-	-	7,514 (5,244)	(2,998) (1,325)	-	-	-	-	7,514 (8,242)
Utilised for issue of bonus shares during the year	-	-	-	-	-	-	1,325	-	-
Transfer to Debenture redemption reserve	-	-	-	-	-	-	-	-	-
Equity component of optionally convertible debentures [refer note 13 (i)]	-	959	-	-	-	-	-	-	959
Share issue expense incurred during the year	-	-	(136)	-	-	-	-	-	(136)
Transfer to Reserves and surplus	-	-	-	782 (1,292)	-	-	-	-	(782)
Transfer to Capital redemption reserve	-	-	-	-	-	-	-	1,292	-
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	-	-	223 (223)	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	-	223	(223)	-	-	-	-
Purchase of Non-cumulative redeemable convertible preference shares	(666)	-	-	-	-	-	-	-	(494)
Balance at March 31, 2021	100	959	7,378	(2,659)	-	(1,348)	1,325	1,292	7,223
Profit for the year	-	-	-	3,825	-	-	-	-	3,825
Other comprehensive income, net of tax	-	-	-	-	-	-	-	403	959
Total comprehensive income for the year	-	-	-	3,825	-	-	-	403	4,784
Transactions recorded directly in equity	-	-	-	-	-	-	-	-	-
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	-	(103)	103 (103)	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	-	103	(103)	-	-	-	-
Employee stock compensation expense [refer note 38]	-	-	-	-	-	-	-	-	412
Transfer to Debenture redemption reserve [refer note 13 (i)]	-	-	-	(38)	-	-	38	-	-
Modification impact of OCB [refer note 13 (i)]	-	(959)	-	60	-	-	-	-	(899)
Balance at March 31, 2022	100	-	7,378	1,158	-	(1,348)	1,363	1,292	11,520

The accompanying notes are an integral part of the consolidated 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*  
**Sampad Guha Thakurta**  
Partner  
Membership No.: 060573

for and on behalf of the Board of Directors of Biocon Biologics Limited  
(formerly known as "Biocon Biologics India Limited")

*Arun Suresh Chandavarkar*  
**Arun Suresh Chandavarkar**  
Managing Director  
DIN: 00356180

*M. B. Chinnappa*  
**M. B. Chinnappa**  
Chief Financial Officer



**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2022**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

	Year ended March 31, 2022	Year ended March 31, 2021
<b>I Cash flows from operating activities</b>		
Profit for the year	3,825	2,675
<u>Adjustments to reconcile profit for the year to net cash flows</u>		
Depreciation and amortisation expense	4,029	3,430
Tax expense	803	745
Finance costs	668	372
Employee stock compensation expense	412	-
Provision for doubtful debts, net	-	1
Net gain on sale of current investments	(37)	(57)
Fair value loss on financial assets measured at fair value through profit or loss	299	-
Unrealised foreign exchange (gain) / loss	(114)	134
Interest income	(56)	(7)
<b>Operating profit before working capital changes</b>	<b>9,829</b>	<b>7,293</b>
<b>Movements in working capital</b>		
(Increase) in inventories	(1,531)	(4,654)
(Increase) in trade receivables	(2,647)	(2,710)
Increase in trade payables, other liabilities and provisions	869	3,274
(Increase) in other assets	(20)	(1,624)
<b>Cash generated from operations</b>	<b>6,500</b>	<b>1,579</b>
Income taxes paid (net of refunds)	(1,057)	(386)
<b>Net cash flow generated from operating activities</b>	<b>5,443</b>	<b>1,193</b>
<b>II Cash flows from investing activities</b>		
Purchase of property, plant and equipment including Capital work-in-progress	(6,918)	(8,679)
Purchase of other intangible assets and intangible assets under development	(1,882)	(1,935)
Purchase of investments	(7,306)	(31,417)
Proceeds from sale of investments	10,555	28,144
Investment in Adagio Therapeutics Inc.	(374)	-
Redemption of fixed deposit with original maturity more than 3 months	998	(2,060)
Interest received	43	7
<b>Net cash flow used in investing activities</b>	<b>(4,884)</b>	<b>(15,940)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from issuance of equity shares (net of expenses)	-	7,664
Purchase of preference shares of subsidiary	-	(3,846)
Proceeds from issuance of optionally convertible debentures (net of expenses)	-	11,016
Proceeds from issuance of non convertible debentures	-	2,000
Redemption of preference shares	-	(5,000)
Proceeds from non-current borrowings	7,489	7,937
Repayment of non-current borrowings	(10,453)	(3,979)
Proceeds from short-term borrowings (net)	3,145	105
Repayment of lease liabilities	(514)	(475)
Interest paid	(850)	(874)
<b>Net cash flow (used in) / generated from financing activities</b>	<b>(1,183)</b>	<b>14,548</b>
<b>IV Net (decrease) in cash and cash equivalents (I + II + III)</b>	<b>(624)</b>	<b>(199)</b>
<b>V Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	<b>46</b>	<b>(20)</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>2,022</b>	<b>2,241</b>
<b>VII Cash and cash equivalents at the end of the year (IV + V + VI)</b>	<b>1,444</b>	<b>2,022</b>
<b>Reconciliation of cash and cash equivalents as per statement of cash flow</b>		
<b>Cash and cash equivalents (Note 11)</b>		
Balances with banks - on current accounts	1,537	2,543
Deposits with original maturity of less than 3 months	-	40
	<b>1,537</b>	<b>2,583</b>
Cash credits (note 16)	(93)	(561)
<b>Balance as per statement of cash flows</b>	<b>1,444</b>	<b>2,022</b>



**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2022**  
 (All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)

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

	Opening balance April 1, 2021	Cash flows	Non-cash movement	Closing balance March 31, 2022
Non-current borrowings (including current maturities)	44,939	(2,964)	2,648	44,623
Current borrowings	2,782	3,145	(20)	5,907
Interest accrued but not due	122	13	-	135
<b>Total liabilities from financing activities</b>	<b>47,843</b>	<b>194</b>	<b>2,628</b>	<b>50,665</b>

	Opening balance April 1, 2020	Cash flows	Non-cash movement *	Closing balance March 31, 2021
Non-current borrowings (including current maturities)	37,602	8,128	(791)	44,939
Current borrowings	2,733	105	(56)	2,782
Interest accrued but not due	26	96	-	122
<b>Total liabilities from financing activities</b>	<b>40,361</b>	<b>8,329</b>	<b>(847)</b>	<b>47,843</b>

\* includes equity component of Optionally convertible debentures ("OCD") amounting to Rs. 959. [Refer note 13 (i)]

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

As per our report of even date attached

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

for and on behalf of the **Board of Directors of Biocon Biologics Limited**  
 (formerly known as "Biocon Biologics India Limited")

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

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

**Arun Suresh Chandavarkar**  
 Managing Director  
 DIN: 01596180

**M. B. Chinappa**  
 Chief Financial Officer

**Akhilesh Kumar Nand**  
 Company Secretary

Bengaluru  
 April 27, 2022

Bengaluru  
 April 27, 2022





## **1. Company Overview**

### **1.1 Reporting entity**

Biocon Biologics Limited ("BBL" or the "parent company" or "the Company"), a subsidiary of Biocon Limited, together with its subsidiaries (collectively, the "Group"), is engaged in manufacture and development of pharmaceutical formulations. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka.

### **1.2 Basis of preparation of financial statements**

#### **a) Statement of compliance**

The consolidated 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.

These consolidated financial statements have been prepared for the Group as a going concern basis on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2022.

These consolidated financial statements were authorised for issuance by the Company's Board of Directors on April 27, 2022.

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

#### **b) Functional and presentation currency**

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiaries whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

#### **c) Basis of measurement**

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

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;
- Employee stock compensation

#### **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 consolidated financial statements.

#### **Judgements**

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 31 — Financial instruments;
- Note 2(d), 2(e), 2(f) and 3 — Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(p) and 27 — Lease whether as arrangement contains a lease;
- Note 2(j) and 30 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 2(n), 6 and 29 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets.
- Note 2(l) and 19 — Revenue Recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time;



### **1.3 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021 is included in the following notes:

- Note 2(i)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 6 and 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 30 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 31 – impairment of financial assets; and
- Note 14 and 35 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 38 – Employee stock compensation

### **1.4 Measurement of fair values**

A number of the Group'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).

When measuring the fair value of an asset or a liability, the Group 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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 2(c) and 31 – financial instruments.

## **2 Significant accounting policies**

### **a. Basis of consolidation**

#### **i. Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, *Income Taxes*.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.



***Basis of consolidation (continued)***

***Non-controlling interests (NCI)***

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

***ii. Loss of control***

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in statement of profit or loss.

***iii. Associates and joint arrangements (equity accounted investees)***

The Group's interests in equity accounted investees comprise interests in associates and a joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

***b. Foreign currency***

***i. Foreign currency transactions***

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Under previous GAAP exchange differences arising on restatement of long-term foreign currency monetary items related to acquisition of depreciable assets was added to/ deducted from the cost of the depreciable assets. In accordance with Ind AS 101 *First time adoption of Indian Accounting Standards* the Group continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on March 31, 2016.

***ii. Foreign operations***

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.



**c. 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 Group becomes a party to the contractual provisions of the instrument.

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

**ii. Classification and subsequent measurement**

*Financial assets*

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

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

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

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

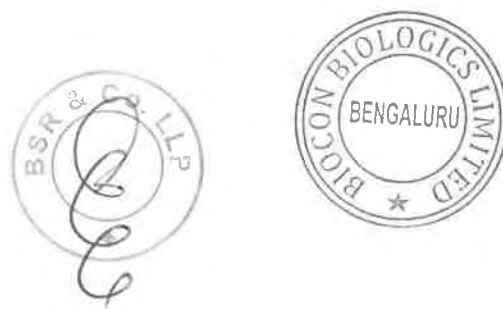
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

On initial recognition of an equity investment that is not held for trading, the Group 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 Group 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 instruments (continued)**

*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. However, see Note 32 for derivatives designated as hedging instruments.
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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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 Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group 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 Group 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.

***Financial instruments (continued)***

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

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

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

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

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

***Cash flow hedges***

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

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

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

**vi. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**vii. Cash dividend to equity holders**

The Group recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.



**BIOCON BIOLOGICS LIMITED (formerly known as "BIOCON BIOLOGICS INDIA LIMITED")**  
**Notes to the consolidated financial statements for the year ended March 31, 2022**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

**d. Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labor, any other costs including import duty, and other non-refundable taxes or levies that are 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.

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 Group.

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

**ii. Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25-30 years	30 years
Roads	5-12 years	5 years
Plant and equipment (including Electrical installation and Lab equipment )	9-15 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3-5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	

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

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

**iii. Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.



**e. Intangible assets**

*Internally generated: Research and development*

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

*Others*

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

**i. Subsequent expenditure**

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

**ii. Amortisation**

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

— Computer software	3-5 years
— Marketing and Manufacturing rights	5-10 years
— Developed technology rights	5-10 years

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

**f. Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

**g. Business combination**

In accordance with Ind AS 103, *Business combinations*, the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

**Business combinations – common control transaction**

Business combination involving entities that are controlled by the group is accounted for at carrying value. No adjustments are made to reflect the fair values, or recognise any new assets or liabilities except to harmonise accounting policies. The financial information in the consolidated financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of combination. The identity of the reserves are preserved and the reserves of transferor becomes the reserves of the transferee. The difference, if any between the amounts recorded as share capital issued plus any additional consideration in the form of cash and the amounts of share capital of the transferor is transferred to amalgamation adjustment reserves and is presented separately from other capital reserves.





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**h. Inventories**

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

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

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

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

**i. Impairment**

*i. Impairment of financial assets*

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on following:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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.

*ii. Impairment of non-financial assets*

The Group 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.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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



j. Employee benefits

i. *Gratuity*

The Group 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 Group.

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

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

ii. *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.

iii. *Compensated absences*

The Group 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 in the period in which the absences occur.

iv. *Employee stock 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.

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognised as an employee expense.

The Company has adopted the policy to account for Biocon Biologics Employees Welfare Trust as a legal entity separate from the Company but as a subsidiary of the Company. Any loan from the Company to the trust is accounted for as a loan in accordance with its term.

The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee stock options outstanding reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.



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

A provision is recognised if, as a result of a past event, the Group 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 Group 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 Group recognises any impairment loss on the assets associated with that contract.

**l. Revenue from contracts with customers**

**i. Sale of goods**

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

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

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

**ii. Milestone payments and out licensing arrangements**

The Group enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Group recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of Ind-AS 115 'Revenues from Contracts with Customers', is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will be bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.



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**Revenue from contracts with customers (continued)**

The Group recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the Group transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Group expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

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.

**iii. Research services**

In respect of research services involving 'time and materials' contracts, research fee are recognised as services are rendered, in accordance with the terms of the contracts. The rates charged to customers are arrived at a cost plus markup basis as per the terms of the agreement with each customer.

**iv. Royalty income and profit share**

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

**v. Sales Return Allowances**

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

**vi. Dividends**

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**vii. Contribution received from customers/co-development partners towards plant and equipment**

Contributions received from customers/co-development partners towards items of property, plant and equipment which require an obligation to supply goods to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Group capitalises the gross cost of these assets as the Group controls these assets.

**viii. Interest income and expense**

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

**m. Government grants**

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



**n. 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.

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 consolidated financial statements except when:

- taxable temporary differences arising on the initial recognition of goodwill;
- 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 Group 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 Group 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.

**o. 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.

**p. Leases**

*(i) The Group as lessee:*

The Group 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 Group assesses whether:

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

At the date of commencement of lease, the Group 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 Group 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.



**Leases (continued)**

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 Group changes its assessment of 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.

**q. Earnings per equity share**

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

**r. Operating cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle. All assets and liabilities have been classified as current and non-current as per the Group's Operating cycle.

**s. Recent accounting developments**

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

**Ind AS 103 – Reference to Conceptual Framework**

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

**Ind AS 16 – Proceeds before intended use**

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

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

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

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

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





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**3 (a). Property, plant and equipment and Capital work-in-progress**

	Land	Buildings	Leasehold improvements	Plant and equipment [Refer note (a)]	Research and development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
<b>Gross carrying amount</b>									
At April 01, 2020	1,347	6,918	17	23,223	1,560	195	29	33,289	11,965
Additions	10	3	52	2,226	571	129	6	2,997	8,853
Disposals/transfers	-	(43)	-	-	-	-	(4)	(47)	(2,997)
Other adjustments	(38)	(195)	-	(433)	-	(2)	-	(668)	(21)
- Foreign currency translation adjustment									
<b>At March 31, 2021</b>	<b>1,319</b>	<b>6,683</b>	<b>69</b>	<b>25,016</b>	<b>2,131</b>	<b>322</b>	<b>31</b>	<b>35,571</b>	<b>17,800</b>
Additions	-	-	35	1,411	69	34	16	1,565	7,617
Disposals/transfers	-	-	-	(155)	(68)	-	(5)	(228)	(1,565)
Other adjustments	-	-	-	-	-	-	-	-	-
- Foreign currency translation adjustment	49	248	-	557	-	3	-	857	70
<b>At March 31, 2022</b>	<b>1,368</b>	<b>6,931</b>	<b>104</b>	<b>26,829</b>	<b>2,132</b>	<b>359</b>	<b>42</b>	<b>37,765</b>	<b>23,922</b>
<b>Depreciation/ Amortisation</b>									
At April 01, 2020	-	840	4	7,136	878	116	11	8,985	-
Charge for the year	-	259	4	1,744	128	27	5	2,167	-
Disposals	-	-	-	-	-	-	(4)	(4)	-
Other adjustments	-	(26)	-	(91)	-	(1)	-	(118)	-
- Foreign currency translation adjustment									
<b>At March 31, 2021</b>	<b>-</b>	<b>1,073</b>	<b>8</b>	<b>8,789</b>	<b>1,006</b>	<b>142</b>	<b>12</b>	<b>11,030</b>	<b>-</b>
Charge for the year	-	263	18	2,028	165	48	6	2,528	-
Disposals	-	-	-	(130)	(33)	-	(2)	(165)	-
Other adjustments	-	-	-	-	-	-	-	-	-
- Foreign currency translation adjustment	-	43	-	155	-	2	-	200	-
<b>At March 31, 2022</b>	<b>-</b>	<b>1,379</b>	<b>26</b>	<b>10,842</b>	<b>1,138</b>	<b>192</b>	<b>16</b>	<b>13,593</b>	<b>-</b>
<b>Net carrying amount</b>									
At March 31, 2021	1,319	5,610	61	16,227	1,125	180	19	24,541	17,800
<b>At March 31, 2022</b>	<b>1,368</b>	<b>5,552</b>	<b>78</b>	<b>15,987</b>	<b>994</b>	<b>167</b>	<b>26</b>	<b>24,172</b>	<b>23,922</b>

(a) Plant and equipment includes computer and office equipment.

(b) Capital work-in-progress primarily comprises of the biologics manufacturing unit being set up in India.

(c) For details on security on certain property, plant and equipment, refer note 13.

(d) Borrowing cost capitalised during the year amounted to Rs 1,445 (March 31, 2021: Rs 893).

(e) Refer note 35(ii) for contractual commitments for purchase of property, plant and equipment.



3 (a). Property, plant and equipment and Capital work-in-progress (continued)

CWIP ageing schedule:

	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	7,481	7,415	5,185	3,841	23,922
As at March 31, 2022	<b>7,481</b>	<b>7,415</b>	<b>5,185</b>	<b>3,841</b>	<b>23,922</b>
Projects in progress	8,111	5,749	3,788	152	17,800
As at March 31, 2021	<b>8,111</b>	<b>5,749</b>	<b>3,788</b>	<b>152</b>	<b>17,800</b>

Capital work-in-progress ('CWIP') completion schedule (CWIP whose completion is overdue or has exceeded its cost compared to its original plan)

	To be completed in				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Projects in progress					
Project 1	13,481	-	-	-	13,481
Project 2	-	1,637	-	-	1,637
Project 3	-	4,527	-	-	4,527
Project 4	287	-	-	-	287
Project 5	1,547	-	-	-	1,547
As at March 31, 2022	<b>15,315</b>	<b>6,164</b>	-	-	<b>21,479</b>
Projects in progress					
Project 1	-	10,159	-	-	10,159
Project 2	-	-	1,272	-	1,272
Project 3	-	-	3,308	-	3,308
Project 4	-	260	-	-	260
Project 5	-	964	-	-	964
As at March 31, 2021	-	<b>11,383</b>	<b>4,580</b>	-	<b>15,963</b>

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**3 (b). Right-of-use assets**

	Land	Buildings	Plant and equipment	Total
<b>Gross carrying amount</b>				
At April 01, 2020	53	1,297	1,064	2,414
Additions	-	-	-	-
<b>At March 31, 2021</b>	<b>53</b>	<b>1,297</b>	<b>1,064</b>	<b>2,414</b>
Additions	-	415	-	415
<b>At March 31, 2022</b>	<b>53</b>	<b>1,712</b>	<b>1,064</b>	<b>2,829</b>
<b>Accumulated depreciation</b>				
At April 01, 2020	5	156	160	321
Depreciation for the year*	5	183	175	363
<b>At March 31, 2021</b>	<b>10</b>	<b>339</b>	<b>335</b>	<b>684</b>
Depreciation for the year*	5	196	175	376
Other adjustments	-	-	-	-
- Foreign currency translation adjustment	-	-	-	-
<b>At March 31, 2022</b>	<b>15</b>	<b>535</b>	<b>510</b>	<b>1,060</b>
<b>Net carrying amount</b>				
<b>At March 31, 2021</b>	<b>43</b>	<b>958</b>	<b>729</b>	<b>1,730</b>
<b>At March 31, 2022</b>	<b>38</b>	<b>1,177</b>	<b>554</b>	<b>1,769</b>

\*Includes Rs 5 capitalised during the year (March 31, 2021 : Rs. 28).

**4. Other Intangible assets**

	Other Intangible assets			Intangible assets under development
	Developed technology rights	Marketing and Manufacturing rights	Computer software	Total
<b>Gross carrying amount</b>				
At April 01, 2020	3,396	791	174	4,361
Additions	2,589	444	33	3,066
Disposals / transfer	-	-	-	-
Other adjustments	-	-	-	-
- Foreign currency translation adjustment	(128)	(27)	-	(155)
<b>At March 31, 2021</b>	<b>5,857</b>	<b>1,208</b>	<b>207</b>	<b>7,272</b>
Additions	345	-	254	599
Disposals / transfer	-	-	-	-
Other adjustments	-	-	-	-
- Foreign currency translation adjustment	236	45	1	282
<b>At March 31, 2022</b>	<b>6,438</b>	<b>1,253</b>	<b>462</b>	<b>8,153</b>
<b>Accumulated amortisation</b>				
At April 01, 2020	298	158	82	538
Amortisation for the year	747	150	31	928
Other adjustments	-	-	-	-
- Foreign currency translation adjustment	(24)	(8)	-	(32)
<b>At March 31, 2021</b>	<b>1,021</b>	<b>300</b>	<b>113</b>	<b>1,434</b>
Amortisation for the year	889	178	63	1,130
Other adjustments	-	-	-	-
- Foreign currency translation adjustment	71	14	-	85
<b>At March 31, 2022</b>	<b>1,981</b>	<b>492</b>	<b>176</b>	<b>2,649</b>
<b>Net carrying amount</b>				
<b>At March 31, 2021</b>	<b>4,836</b>	<b>908</b>	<b>94</b>	<b>5,838</b>
<b>At March 31, 2022</b>	<b>4,457</b>	<b>761</b>	<b>286</b>	<b>5,504</b>

(a) Borrowing cost capitalised during the year amounted to Rs 36 (March 31, 2021: Rs 12).

(b) Refer note 35 (ii) for contractual commitments for purchase of intangible assets.



4. Intangible assets under development (continued)

Intangible assets under development ageing schedule:

	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Projects in progress	1,509	1,338	2,116	1,203	6,166
As at March 31, 2022	1,509	1,338	2,116	1,203	6,166
Projects in progress	1,310	2,150	1,432	-	4,892
As at March 31, 2021	1,310	2,150	1,432	-	4,892

Intangible assets under development completion schedule (projects whose completion is overdue or has exceeded its cost compared to its original plan)

	To be completed in				Total
	Less than 1 year	1 - 2 years	2-3 years	More than 3 years	
Projects in progress					
Project 1	2,288	-	-	-	2,288
As at March 31, 2022	2,288	-	-	-	2,288
Projects in progress					
Project 1	2,418	-	-	-	2,418
As at March 31, 2021	2,418	-	-	-	2,418

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**5. Other financial assets**

	March 31, 2022	March 31, 2021
<b>(a) Non-current</b>		
Deposits	71	117
	<u>71</u>	<u>117</u>
<b>(b) Current</b>		
Interest accrued on bank deposits	13	-
Other receivables (considered good - Unsecured) from:		
Others	3,807	4,113
	<u>3,820</u>	<u>4,113</u>

[Also refer note 28 for details on related party transactions]

**6. Deferred tax assets (net)**

Deferred tax liabilities (net)	(523)	(793)
Deferred tax assets (net)	1,095	1,414
<b>Total</b>	<u>572</u>	<u>621</u>
<b>Deferred tax liabilities</b>		
Property, plant and equipment and intangible assets	(875)	(575)
Derivative assets	(78)	(38)
<b>Gross deferred tax liabilities</b>	<u>(953)</u>	<u>(613)</u>
<b>Deferred tax assets</b>		
MAT credit entitlement	913	816
Provision for employee benefit	132	71
Allowance for doubtful debts	9	8
Derivative liabilities	51	165
Deferred revenue	30	82
Lease liabilities	90	52
Expenses allowed on payment basis	189	-
Others	111	40
<b>Gross deferred tax assets</b>	<u>1,525</u>	<u>1,234</u>
<b>Deferred tax assets (net)</b>	<u>572</u>	<u>621</u>

**7. Other assets**

Unsecured considered good, unless otherwise stated

<b>(a) Non-current</b>		
Capital advances	333	231
Duty drawback receivable	32	13
Balances with statutory / government authorities	467	293
Prepayments	701	810
	<u>1,533</u>	<u>1,347</u>
<b>(b) Current</b>		
Balances with statutory / government authorities	971	737
Export incentive receivable	143	386
Advance to suppliers	645	299
Prepayments	457	352
	<u>2,216</u>	<u>1,774</u>

[Also refer note 28 for details on related party transactions]

**8. Inventories**

Raw materials, including goods-in-bond (refer note (a) below)	3,022	2,818
Packing materials	2,486	1,999
Finished goods	6,619	1,816
Work-in-progress	1,765	5,583
Traded goods	213	221
	<u>14,105</u>	<u>12,437</u>

(a) Inventories includes goods in-transit Rs 129 (March 31, 2021: Rs 185)

(b) Write-down of inventories to net realisable value and provision for stock obsolescence amounted to Rs 329 (March 31, 2021: Rs 308). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.



## 9. Current investments

March 31, 2022 March 31, 2021

Quoted - Investments at fair value through profit or loss:

Investment in mutual funds	105	3,330
Investment in Adagio Therapeutics Inc - 294,000 (March 31, 2021 - Nil) Common Stock, par value USD 0.0001 each	102	-
	<u>207</u>	<u>3,330</u>
Aggregate market value of quoted investments	207	3,330
Aggregate carrying value of quoted investments	207	3,330

The Group's exposure of credit and currency risks, and loss allowances are disclosed in notes 31.

## 10. Trade receivables

March 31, 2022 March 31, 2021

Current

(a) Trade receivables considered good - Unsecured	8,780	5,849
(b) Trade receivables - credit impaired	27	27
	<u>8,807</u>	<u>5,876</u>
Allowance for expected credit loss	(27)	(27)
	<u>8,780</u>	<u>5,849</u>

[Also refer note 28 for details on related party transactions]

The Group's exposure to credit and currency risks are disclosed in Note 31.

Trade Receivables ageing schedule:

	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	1,769	6,019	840	152	-	-	-	8,780
Undisputed Trade Receivables - credit impaired	-	-	-	12	9	-	6	27
As at March 31, 2022	<u>1,769</u>	<u>6,019</u>	<u>840</u>	<u>164</u>	<u>9</u>	<u>-</u>	<u>6</u>	<u>8,807</u>
Undisputed Trade Receivables - considered good	1,809	3,599	424	17	-	-	-	5,849
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	18	9	27
As at March 31, 2021	<u>1,809</u>	<u>3,599</u>	<u>424</u>	<u>17</u>	<u>-</u>	<u>18</u>	<u>9</u>	<u>5,876</u>

## 11. Cash and bank balances

March 31, 2022 March 31, 2021

Cash and cash equivalents

Balances with banks:

On current accounts

Deposits with original maturity of less than 3 months

Cash on hand [refer note (a) below]

1,537	2,543
-	40
-	-
<u>1,537</u>	<u>2,583</u>

Other bank balances:

Deposits with remaining maturity of less than 12 months

Margin money deposits

1,000	2,000
64	60
<u>1,064</u>	<u>2,060</u>

Total cash and bank balances

<u>2,601</u>	<u>4,643</u>
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(a) The Group has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.

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**12(a). Share capital****March 31, 2022** **March 31, 2021****Authorised**

1,500,000,000 (March 31, 2021: 1,500,000,000) equity shares of Rs 10 each (March 31, 2021: Rs 10 each)

15,000 15,000

2,000,000,000 (March 31, 2021: 2,000,000,000) preference shares of Rs 10 each (March 31, 2021: Rs 10 each)

20,000 20,000

**Issued, subscribed and fully paid-up**

1,058,849,676 (March 31, 2021: 1,058,849,676) equity shares of Rs 10 each

10,588 10,588

205,420,000 (March 31, 2021: 205,420,000) Non Convertible Redeemable Preference Shares ("NCRPS") of Rs 10 each

2,054 2,054

1,081,000,000 (March 31, 2021: 1,081,000,000) Optionally Convertible Redeemable Preference Shares ("OCRPS") of Rs 10 each

10,810 10,810

**23,452 23,452**

Less : Preference share capital classified as a financial liability [refer note 13]

**(12,864) (12,864)****Equity share capital****10,588 10,588****(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period****(a) Equity shares**

March 31, 2022		March 31, 2021	
No.	Rs Million	No.	Rs Million
At the beginning of the year	1,058,849,676	206,043,983	2,060
Issued during the year	-	852,805,693	8,528
<b>Outstanding at the end of the year</b>	<b>1,058,849,676</b>	<b>1,058,849,676</b>	<b>10,588</b>

**(b) Non convertible redeemable preference shares**

March 31, 2022		March 31, 2021	
No.	Rs Million	No.	Rs Million
At the beginning of the year	205,420,000	705,420,000	7,054
Issued during the year	-	-	-
Redeemed during the year	-	(500,000,000)	(5,000)
<b>Outstanding at the end of the year</b>	<b>205,420,000</b>	<b>205,420,000</b>	<b>2,054</b>

**(c) Optionally convertible redeemable preference shares**

March 31, 2022		March 31, 2021	
No.	Rs Million	No.	Rs Million
At the beginning of the year	1,081,000,000	1,081,000,000	10,810
Issued during the year	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,081,000,000</b>	<b>1,081,000,000</b>	<b>10,810</b>

**(ii) Terms/ rights attached to****(a) Equity shares**

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

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

**(b) Non convertible redeemable preference shares**

(i) The tenure of the NCRPS shall be 10 years.

(ii) The Company or NCRPS holder shall have the option to redeem the NCRPS at any time during the tenure of the NCRPS. If the Company or holder of NCRPS exercises such option of early redemption, the NCRPS shall be redeemable at its face value.

(iii) The holder of the NCRPS shall be entitled to preferential dividend of 8.3% per annum on the face value of the NCRPS as may be mutually decided between the Company and the NCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.

(iv) Until redemption of the NCRPS, the NCRPS holder shall have priority of payment of dividend over the equity shareholders.

**(c) Optionally convertible redeemable preference shares**

(i) The tenure of the OCRPS shall be 10 years.

(ii) The Company shall have the option to redeem the OCRPS at any time during the tenure of the OCRPS at its face value. The OCRPS shall become redeemable at its face value at the end of the tenure.

(iii) The OCRPS holder shall have the option to convert the OCRPS into equity shares of the Company at any time during the tenure of the OCRPS at a ratio based on fair value or face value of the equity shares as on the date of exercise of the option whichever is higher.

(iv) The holder of the OCRPS shall be entitled to preferential dividend of 3% per annum on the face value of the OCRPS as may be mutually decided between the Company and the OCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.

(v) Until redemption of the OCRPS, the OCRPS holder shall have priority of payment of dividend over the equity shareholders.

(d) The aforesaid preference shares are convertible (variable number of equity shares) / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been classified as financial liability and disclosed at its fair value which is equivalent to the face value. Also refer note 13.

**(iii) Details of shareholders holding more than 5% shares in the Company****Equity shares of Rs 10 each fully paid**

Biocon Limited, the Holding Company (including shares held through nominees)

March 31, 2022		March 31, 2021	
No.	% holding	No.	% holding
989,717,600	93.47%	989,717,600	93.47%
205,420,000	100.00%	205,420,000	100.00%
1,081,000,000	100.00%	1,081,000,000	100.00%



**12(a). Share Capital (Continued)**

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

(iv) During the previous year the shareholders at their extra-ordinary general meeting held on January 6, 2020 had approved to increase the authorised equity share capital from 50,050,000 equity shares of Rs 10 each to 1,050,050,000 equity shares of Rs 10 each. Further, during the year at the extra-ordinary general meeting held on July 31, 2020 approved to further increase authorised equity share capital to 1,500,000,000 equity shares of Rs 10 each.

(v) Pursuant to the Scheme of amalgamation between the Company and Biocon Research Limited, the Board of Directors on March 27, 2020 allotted 155,300,000 equity shares of Rs 10 each to the shareholders of Biocon Research Limited. These shares were issued for consideration other than cash.

(vi) Pursuant to approval of the share holders the Company on September 3, 2020 issued 824,175,932 bonus shares to equity share holders at a ratio of 4:1 by utilising retained earnings and securities premium balances.

(vii) The Company on September 3, 2020 allotted 8,830,456 equity shares of Rs 10 each at an issue price of Rs. 254.80 per share to Tata Capital Growth Fund II, on a private placement basis.

(viii) During the previous year, the Company on December 29, 2020 redeemed 500,000,000 NCRPS of Rs 10 each at Face value.

(ix) During the previous year, the Company on March 9, 2021 allotted 19,799,305 equity shares of Rs 10 each at an issue price of Rs 280.31 per share to Beta Oryx Limited, a wholly owned subsidiary of ADQ on a private placement basis.

(x) For details of any securities convertible into equity shares, please refer notes 12(a)(c), 12(a)(ii)(c) and note 13(i).

(xi) For details of shares reserved for issue under Employee stock compensation plans, please refer note 38.

**(xii) Shareholding of Promoters**

	March 31, 2022		March 31, 2021		March 31, 2020		% Change during the year ending	
	No. of shares	% of total	No. of shares	% of total	No. of shares	% of total	March 31, 2022	March 31, 2021
Biocon Limited								
(a) Equity shares	989,717,600	93.47%	989,717,600	93.47%	197,943,520	96.07%	-	(2.60)%
(b) NCRPS	205,420,000	100.00%	205,420,000	100.00%	705,420,000	100.00%	-	-
(c) OCRPS	1,081,000,000	100.00%	1,081,000,000	100.00%	1,081,000,000	100.00%	-	-

**12(b). Other equity**

**Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Retained earnings**

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the standalone financial statements of the Company and also considering the requirements of the Act. Thus the amounts reported are not distributable in entirety.

**SEZ re-investment reserve**

The SEZ re-investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income-tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-tax Act, 1961.

**Amalgamation adjustment reserve**

The amalgamation adjustment reserve is created to account for business combinations of entities under common control.

**Debenture redemption reserve**

The Group had issued Redeemable Non-Convertible Debentures ("NCD") and Redeemable Optionally Convertible Debentures ("OCD") in the previous year. As per the provisions of the Companies Act, 2013, debenture redemption reserve is created out of profits of the Company available for payment of dividend.

**Capital redemption reserve**

The Group had redeemed Non Convertible Redeemable Preference Shares [refer note 12(a)(viii)] in the previous year and as per the provisions of the Companies Act, 2013, a sum equal to the nominal value of the shares redeemed is transferred to the capital redemption reserve.

**Employee stock option outstanding reserve**

The Group has established equity settled share based payment plans for certain categories of employees of the Group. Refer note 38 for further details on these plans.

**Cash flow hedging reserve**

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

**Foreign currency translation reserve**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's reporting currency (i.e. Indian Rupees) are accumulated in the foreign currency translation reserve.

**Other items of other comprehensive income**

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





**March 31, 2022**      **March 31, 2021**

<b>Loans from banks (secured)</b>		
Term loan [refer note (a) (b) (c) and (d) below]	14,888	14,815
Redeemable Non-Convertible Debentures ("NCD") [refer note (e) below]	2,000	2,000
<b>Loans from banks (unsecured)</b>		
Term loan [refer note (f) and (g) below]	1,898	4,392
<b>Other loans from related parties (unsecured)</b>		
Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	2,054	2,054
Optionally Convertible Redeemable Preference Shares ("OCRPS") [refer note 12(a)(ii)(c)]	10,810	10,810
Non-Cumulative Redeemable Convertible Preference Shares [refer note (h) below]	629	575
<b>Other loans (unsecured)</b>		
Redeemable Optionally Convertible Debentures ("OCD") [refer note (i) below]	12,344	10,293
	<b>44,623</b>	<b>44,939</b>
Less: Amount disclosed under the head "Current borrowings" [refer note 16]	(12,959)	(20,332)
	<b>31,664</b>	<b>24,607</b>
<b>The above amount includes</b>		
Secured borrowings	16,888	16,815
Unsecured borrowings	27,735	28,124
Amount disclosed under the head "Current borrowings" [refer note 16]	(12,959)	(20,332)
<b>Net amount</b>	<b>31,664</b>	<b>24,607</b>

(a) During the year ended March 31, 2019, the Company had obtained an external commercial borrowing facility of USD 75 million from MUFG Bank Limited. This loan is repayable in 3 annual instalments commencing from April 2024 and carries an interest rate of LIBOR + 1% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed facility for the manufacturing of pharmaceuticals. Carrying value of the loan as at March 31, 2022 amounts to Rs 5,694 (March 31, 2021: 5,490).

(b) Biocon Sdn. Bhd., Malaysia ('Biocon Malaysia') had obtained a term loan facility of USD 130 million from a consortium of banks. During the year ended March 31, 2016, Biocon Malaysia had refinanced the existing term loan from Standard Chartered Bank (Hong Kong) Limited. The loan is repayable in quarterly instalments which commenced from March, 2017. Further on July 6, 2015, Biocon Malaysia had entered into a new term loan agreement with Standard Chartered Bank (Hong Kong) Limited for an amount of USD 70 million. The loan is repayable in quarterly instalments commenced from March, 2017. The term loans are denominated in USD and carried an interest rate of LIBOR + 2.25% p.a and LIBOR + 1.80% p.a for facility of USD 130 million and USD 70 million respectively. Effective January 28, 2021, Biocon Malaysia had restructured loan with respect to interest rate for both the facilities. Revised interest rate is LIBOR + 1.20% p.a. During the year, the outstanding loan has been repaid. Carrying value of the loan as at March 31, 2022 is Nil (March 31, 2021: Rs. 5,825).

The term loan was secured by a fixed and floating charge over all present and future assets and a charge over the freehold property of Biocon Malaysia.

(c) During the year ended March 31, 2021, the Company had obtained a Term loan facility from The Hongkong and Shanghai Banking Corporation Limited amounting to Rs 3,500 repayable in 2 equal annual instalments commencing from April 2024. Term loan carries an interest rate of 3 Months T Bill + 2.39% p.a. and are secured by first pari-passu charge on the present and future of movable fixed assets of the Company. Carrying value of the loan as at March 31, 2022 amounts to Rs 3,500 (March 31, 2021: 3,500).

(d) During the year ended March 31, 2022, Biocon Biologics UK Limited ("Biocon UK") (formerly "Biocon Biologics Limited") has obtained a term loan facility of USD 75 million from The Hongkong and Shanghai Banking Corporation Limited for a tenure of 5 years. The term loan is repayable at the end of the term in one instalment and carries an interest rate of 1 month LIBOR + 1% p.a. and are secured by first pari-passu charge on the present and future Plant and Machineries of Biocon Malaysia. Carrying value of the term loan as at March 31, 2022 is Rs. 5,694 (March 31, 2021: Nil).

(e) During the year ended March 31, 2021, the Company had issued NCD of face value Rs 10,00,000 each to HDFC Bank Limited amounting to Rs. 2,000 for a tenure of 43 months. The debentures are repayable at the end of the term in April 2024. The NCD carries call/put option on or after September 21, 2023. The debentures carries fixed coupon rate of 6.8949% p.a. and are secured by first pari-passu charge on the movable fixed assets of the Company. Carrying value of the loan as at March 31, 2022 amounts to Rs 2,000 (March 31, 2021: 2,000).

(f) During the year ended March 31, 2022, Biocon Biologics UK Limited ("Biocon UK") (formerly "Biocon Biologics Limited") has obtained a term loan facility of USD 25 million from The HDFC Bank Limited for a tenure of 5 years. The term loan is repayable in 5 annual instalments starting from the end of year 1 and carries an interest rate of 3 months LIBOR + 1.25% p.a. Carrying value of the term loan as at March 31, 2022 is Rs. 1,898 (March 31, 2021: Nil).

(g) During the year ended March 31, 2021, Biocon Biologics UK Limited ("Biocon UK") (formerly "Biocon Biologics Limited") had obtained a term loan facility of USD 60 million from HDFC Bank Limited for a tenure of 13 months, repayable in January 2022. The term loan was repayable at the end of the term in one instalment and carried an interest rate of 1 month LIBOR + 0.95% p.a. The loan was repaid in full at the end of the tenure. Carrying value of the term loan as at March 31, 2022 is Nil (March 31, 2021: Rs. 4,392).

(h) As at March 31, 2022, Biocon Malaysia has outstanding 3,067,506 (March 31, 2021: 3,067,506) non-cumulative redeemable convertible preference shares ("NCRCPs") which were issued at issue price and par value of RM 10 each. These NCRCPs are issued to Biocon SA, a fellow subsidiary. The NCRCPs rank pari passu with one another without any preference or priority among themselves. Each NCRCPs shall confer on the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution. The NCRCPs shall be redeemable at par value, in full or in part, and in any number of tranches at the option of the NCRCPs shareholder at any time after ten years from the date of issue of the NCRCPs. The NCRCPs shall be convertible at par value to ordinary shares of Biocon Malaysia of RM 10 each at any time at the option of the NCRCPs holder.

NCRCPs been accounted as a compound financial instrument in line with Ind AS, given that it has both financial liability and equity feature. Accordingly, it has been bifurcated into financial liability and equity.

During the previous year, the Group had purchased 17,981,242 NCRCPs from Biocon SA, by paying Rs 3,846 (USD 52 million). This had led to extinguishment of liability in the Group, resulting in gain in Statement of Profit and Loss and Other Equity amounting to Rs. 265 and Rs. 172, respectively.

The NCRCPs shall have no voting right or right to move or second any resolutions at any general meetings of the Biocon Malaysia, except:

- (i) upon any resolution which varies or is deemed to vary the right and privileges attached to the NCRPS; and
- (ii) upon any resolution for the winding up of the Biocon Malaysia.



### 13. Non-current borrowings (continued)

(i) During the year ended March 31, 2021, the Company had entered into an agreement with Goldman Sachs India AIF Scheme-1 ('Investor') whereby the Investor had infused Rs. 11,250 against issuance of OCD. The debentures are issued for a tenor of 61 months, are unsecured, redeemable at par and carry a conversion option at any time during the tenor at the option of the investor. OCD bears a coupon rate of 5% per annum payable on compounded and cumulative basis only on redemption.

The debentures have been accounted as a compound financial instrument in line with Ind AS, given that it has both financial liability and equity feature. Accordingly, the consideration received has been bifurcated into financial liability and equity.

During the current year, the Company had entered into amendment to the terms of OCD agreement which provides for redemption amount INR equivalent of USD 153.23 million with reference to rate published by RBI for conversion of USD to INR one day prior to redemption. This resulted in the modification of the compound financial instrument and OCD is classified as financial liability from the modification date. This modification resulted in loss of Rs. 274 in statement of profit and loss and a gain of Rs. 60 in other equity.

(j) The Group has met all the covenants under the above borrowings as at March 31, 2022.

(k) The Group's exposure to liquidity, interest rate and currency risks are disclosed in note 31.

### 14. Provisions

#### (a) Non-current

Provision for employee benefits  
Gratuity [refer note 30]

	March 31, 2022	March 31, 2021
	299	270
	<u>299</u>	<u>270</u>

#### (b) Current

Provision for employee benefits  
Gratuity [refer note 30]  
Compensated absences  
Provision for sales return

	50	31
	239	190
	<u>136</u>	<u>136</u>
	<u>425</u>	<u>357</u>

#### (i) Movement in provisions

Opening balance  
Provision recognised during the year  
Closing balance

	For the year ended March 31, 2022		
	Gratuity	Compensated absences	Sales return
	301	190	136
	48	49	-
	<u>349</u>	<u>239</u>	<u>136</u>

Opening balance  
Provision recognised during the year  
Closing balance

	For the year ended March 31, 2021		
	Gratuity	Compensated absences	Sales return
	255	190	136
	46	-	-
	<u>301</u>	<u>190</u>	<u>136</u>

### 15. Other liabilities

#### (a) Non-current

Deferred revenues [refer note 19]

	March 31, 2022	March 31, 2021
	9,589	7,844
	<u>9,589</u>	<u>7,844</u>

#### (b) Current

Deferred revenues [refer note 19]  
Advances from customers [refer note 19]  
Statutory taxes and dues payable

	582	604
	20	157
	<u>153</u>	<u>176</u>
	<u>755</u>	<u>937</u>

### 16. Current borrowings

#### From banks/ financial institutions

Packing credit foreign currency loan (unsecured) [refer note (a) below]  
Packing credit rupee export loan (unsecured) [refer note (b) below]  
Cash credit (unsecured) [refer note (c) below]  
Current maturities of non-current borrowings [refer note 13]

	2,657	2,782
	3,250	-
	93	561
	<u>12,959</u>	<u>20,332</u>
	<u>18,959</u>	<u>23,675</u>

#### The above amount includes

Unsecured borrowings

	6,000	3,343
--	-------	-------

(a) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans from various banks that carries interest rate ranging from SOFR+0.20% p.a. to SOFR+1.40% p.a. Packing credit foreign currency loan tenure is upto 180 days from the date of draw down.

(b) The Company has obtained rupee denominated short term unsecured pre-shipment credit loans from various banks that carries interest of 4.40% p.a. Packing credit rupee loan tenure is upto 180 days from the date of draw down.

(c) Biocon Malaysia had availed working capital facilities upto USD 15 million carrying an interest rate of LIBOR + 0.5% p.a.

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**17. Trade payables**

March 31, 2022 March 31, 2021

Trade payables

- Total outstanding dues of micro and small enterprises ('MSME')
- Total outstanding dues of creditors other than micro and small enterprises

375	453
8,669	8,861
<b>9,044</b>	<b>9,314</b>

All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 31.  
[Also refer note 28 for details on related party transactions]

Trade payables ageing schedule:

	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	-	220	152	1	1	1	375
(ii) Others	4,717	2,121	1,747	36	21	27	8,669
<b>As at March 31, 2022</b>	<b>4,717</b>	<b>2,341</b>	<b>1,899</b>	<b>37</b>	<b>22</b>	<b>28</b>	<b>9,044</b>
(i) Micro and small enterprises	-	214	234	4	1	-	453
(ii) Others	3,959	2,008	2,544	321	24	5	8,861
<b>As at March 31, 2021</b>	<b>3,959</b>	<b>2,222</b>	<b>2,778</b>	<b>325</b>	<b>25</b>	<b>5</b>	<b>9,314</b>

**18. Other financial liabilities**

March 31, 2022 March 31, 2021

(a) Current

- Interest accrued but not due
- Derivative premium payable
- Payables for capital goods

135	122
-	95
959	1,911
<b>1,094</b>	<b>2,128</b>

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	Year ended March 31, 2022	Year ended March 31, 2021
<b>19. Revenue from operations</b>		
Sale of products		
Finished goods*	31,225	25,401
Traded goods	2,415	1,418
Sale of services		
Licensing and development fees	460	354
Research fees	60	112
Other operating revenue		
Sale of process waste	19	17
Export incentives	-	96
Others	464	574
<b>Revenue from operations</b>	<b>34,643</b>	<b>27,972</b>

\* includes profit share

#### 19.1 Disaggregated revenue information

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

##### Revenues by geography

<b>Revenues from contracts with customers</b>		
Ireland	16,863	13,327
India	6,921	5,216
Rest of the world	10,376	8,742
	<b>34,160</b>	<b>27,285</b>
<b>Revenue from other sources</b>		
Other operating revenue	483	687
	<b>483</b>	<b>687</b>
<b>Total revenue from operations</b>	<b>34,643</b>	<b>27,972</b>

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

#### 19.2 Changes in contract liabilities: deferred revenue and advance from customers

Balance at the beginning of the year	8,605	8,077
Add:- Increase due to invoicing during the year	2,108	1,471
Add:- Foreign currency translation	262	(181)
Less:- Amounts recognised as revenue during the year	(784)	(762)
<b>Balance at the end of the year</b>	<b>10,191</b>	<b>8,605</b>

Expected revenue recognition from remaining performance obligations:

- Within one year	602	761
- More than one year	9,589	7,844
	<b>10,191</b>	<b>8,605</b>

#### 19.3 Contract balances

Trade receivables	8,780	5,849
Contract liabilities	10,191	8,605

Trade receivables are non-interest bearing. Contract liabilities include deferred revenues and advance from customers.

#### 19.4 Performance obligation:

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

#### 19.5 Significant customer

One customer group individually accounted for Rs 17,337 which is more than 10% of the total revenue of the Company for the year ended March 31, 2022 (March 31, 2021: Rs 13,670).

#### 20. Other income

Interest income on:		
Deposits with banks and financial institutions	53	7
Others	3	-
Net gain on sale of current investments	37	57
Other non-operating income	11	-
	<b>104</b>	<b>64</b>

#### 21. Cost of raw materials and packing materials consumed

Inventory at the beginning of the year	4,817	2,991
Add: Purchases	10,238	11,139
Less: Inventory at the end of the year	(5,508)	(4,817)
	<b>9,547</b>	<b>9,313</b>



	Year ended March 31, 2022	Year ended March 31, 2021
<b>22. Changes in inventories of finished goods, traded goods and work-in-progress</b>		
Inventory at the beginning of the year		
Traded goods	221	244
Finished goods	1,816	2,817
Work-in-progress	5,583	1,812
	<u>7,620</u>	<u>4,873</u>
Inventory at the end of the year		
Traded goods	213	221
Finished goods	6,619	1,816
Work-in-progress	1,765	5,583
	<u>8,597</u>	<u>7,620</u>
	<u>(977)</u>	<u>(2,747)</u>
<b>23. Employee benefits expense</b>		
Salaries, wages and bonus	5,903	5,233
Contribution to provident and other funds	330	297
Gratuity [refer note 30]	61	52
Employee stock compensation expense [refer note 38]	549	161
Staff welfare expenses	326	363
	<u>7,169</u>	<u>6,106</u>
<b>24. Finance costs</b>		
Interest expenses on financial liabilities [refer note (a) below]	462	162
Interest expenses on lease liabilities [refer note 27]	206	210
	<u>668</u>	<u>372</u>
(a) Interest expense on financial liabilities is net of capitalisation amounting to Rs. 1,481 (March 31, 2021 - Rs. 905).		
<b>25. Depreciation and amortisation expense</b>		
Depreciation of tangible assets [refer note 3(a)]	2,528	2,167
Depreciation of right-of-use assets [refer note 3 (b)]	371	335
Amortisation of other intangible assets [refer note 4]	1,130	928
	<u>4,029</u>	<u>3,430</u>
<b>26. Other expenses</b>		
Royalty and technical fees	93	42
Rent	25	29
Communication expenses	28	16
Travelling and conveyance	179	165
Professional charges	821	1,691
Directors' fees including commission	47	25
Power and fuel	1,776	1,540
Insurance	145	122
Rates, taxes and fees, net of refunds of taxes	122	88
Lab consumables	1,212	969
Foreign exchange loss, net	147	156
Repairs and maintenance		
Plant and machinery	1,086	1,076
Buildings	125	75
Others	710	471
Selling expenses		
Freight outwards and clearing charges	227	279
Sales promotion expenses	1,305	1,029
Commission and brokerage (other than sole selling agents)	123	87
Provision/ (reversal) for doubtful debts, net	-	1
Net loss on financial assets designated at fair value through profit or loss	299	-
Printing and stationery	49	42
Research and development expenses	4,651	3,414
Corporate social responsibility (CSR) expenses	43	31
Miscellaneous expenses	118	90
	<u>13,331</u>	<u>11,438</u>
	<u>(1,155)</u>	<u>(730)</u>
Less: Expenses capitalized to intangible assets	<u>12,176</u>	<u>10,708</u>



## 27. Leases

The Group has entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the financial year 2032-33. Gross payment for the year aggregate to Rs. 514 (March 31, 2021: Rs. 475)

The followings is the movement in the lease liability:

Particulars	Total
Balance as at April 1, 2020	2,219
Additions during the year	-
Finance cost accrued during the year*	221
Payment of lease liabilities	(475)
Balance as at March 31, 2021	1,965
Additions during the year	405
Finance cost accrued during the year*	211
Payment of lease liabilities	(514)
Balance as at March 31, 2022	2,067

\*includes Rs. 5 (March 31, 2021 - Rs 11) capitalised during the year

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

	March 31, 2022	March 31, 2021
Current lease liabilities	492	438
Non-current lease liabilities	1,575	1,527
The table below provides details regarding the contractual maturities of lease liabilities, on an undiscounted basis:		
Less than one year	539	481
One to five years	1,585	1,606
More than five years	691	629
Total	2,815	2,716

The following are the amounts recognised in Statement of profit or loss for the year:

Depreciation expense of right of use-assets	371	335
Interest expenses on lease liabilities	206	210
Current lease payment [refer note (i) below]	25	29
Total	602	574

(i) The Group applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).



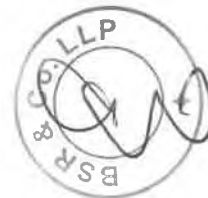
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**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**Notes to consolidated financial statements for the year ended March 31, 2022**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2021 to March 31, 2022 (Income)/Expenses/ Other transactions	Balance as at March 31, 2022 (Payable)/ Receivable	April 1, 2020 to March 31, 2021 (Income)/Expenses/ Other transactions	Balance as at March 31, 2021 (Payable)/ Receivable
1	Biocon Limited	Holding Company	Expenses incurred by related party on behalf of the Group	127		108	
			Expenses incurred on behalf of the related party	(2)		(25)	
			Professional charges	349		396	
			Guarantee fees	35		-	
			Research fees	(48)		(87)	
			Cross charges towards facility and other expenses	(28)		(14)	
			Sale of goods	(4)		(334)	
			Payment for leases	233		208	
			Power and fuel	1,499		1,221	
			Research and development expense	11		9	
			Staff welfare expenses towards canteen charges	27		24	
			Royalty expense	46		22	
			Share based payments to employees	137		160	
			Purchase of goods	54		567	
			Redemption of Preference shares	-		5,000	
			Funding towards property plant and equipment/Prepayment	53	719	610	666
			Trade payables	-	(365)	-	(755)
			Trade Receivables	-	8	-	48
			Loan repaid / (taken from) to Holding company, net [refer note (c) below]	-	-	1,006	-
			Interest on borrowings	-	-	34	-
			Guarantee fees	-	-	42	-
			Guarantee released / (given) by related party to a bank on behalf of the Group	12,925	-	4,483	(12,925)
			Sale of car	(3)		-	-
2	Syngene International Limited	Fellow subsidiary	Research and development expenses	172		65	
			Expenses incurred by related party on behalf of the Group	24		59	
			Sale of goods	(7)		-	



**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
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**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2021 to March 31, 2022 (Income)/Expenses/ Other transactions	Balance as at March 31, 2022 (Payable)/ Receivable	April 1, 2020 to March 31, 2021 (Income)/Expenses/ Other transactions	Balance as at March 31, 2021 (Payable)/ Receivable
			Expenses incurred on behalf of the related party	(1)		(8)	-
			Purchase of goods	304		23	-
			Power and Utility Charges	87		84	-
			Royalty expense	-		3	-
			Profit share expense	5		4	-
			Payment for leases	253		244	-
			Trade payables	-	(209)	-	(179)
			Trade receivables	-	-	-	1
3	Bicara Therapeutics Inc.	Fellow associate	Research fees	-		(1)	-
			Cross charges towards facility and other expenses	(2)		(10)	-
			Trade receivables		12	-	9
4	Biocon FZ LLC	Fellow subsidiary	Professional charges	14		35	-
			Trade payables		-	-	(27)
5	Biocon SA	Fellow subsidiary	Interest on preference shares	54		-	-
			Purchase of preference shares of Biocon Malaysia	-	-	3,846	-
6	Biocon Pharma UK Limited	Fellow subsidiary	Expenses incurred by related party on behalf of the Group [Refer note (h) below]	-	-	0	-
			Trade payables	-	-	-	-
7	Biocon Pharma Limited	Fellow subsidiary	Research Service	(8)		(24)	-
			Cross charges towards facility and other expenses	(122)		(35)	-
			Sale of goods/other product	(123)		(58)	-
			Product sales		43	-	8
			Trade Receivables			-	-
8	Biocon Foundation	Fellow subsidiary	Contribution towards CSR expenses	43		31	-
			Trade receivables	-	2	-	2



**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**Notes to consolidated financial statements for the year ended March 31, 2022**  
**(All amounts are in Indian Rupees millions, except share data and per share data, unless otherwise stated)**

**28. Related party disclosures:**

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2021 to March 31, 2022 (Income)/Expenses/ Other transactions	Balance as at March 31, 2022 (Payable)/ Receivable	April 1, 2020 to March 31, 2021 (Income)/Expenses/ Other transactions	Balance as at March 31, 2021 (Payable)/ Receivable
9	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges	31	-	21	-
10	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods	(78)	-	(55)	-
11	Biofusion Therapeutics Limited	Fellow Subsidiaries	Trade receivables	-	21	-	18
			Expenses incurred on behalf of the related party	(8)	-	-	-
			Transfer of assets	(62)	-	-	-
			Trade Receivables	-	70	-	-
12	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (e) & (f) below]	154	-	280	-
			Sitting fees and remuneration	47	-	19	-

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

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

(c) The loan from holding company is presented net of repayments due to multiple transactions

(d) Key managerial personnel include:

(i) Dr. Christiane Hamacher, Managing Director & Chief Executive Officer (CEO w.e.f March 01, 2019 till February 28, 2021 and Managing Director w.e.f. October 11, 2019 till January 20, 2021)

(ii) Arun Chandavarkar, Non-Executive Director till January 20, 2021 and Managing Director w.e.f. January 21, 2021

(iii) Kiran Mazumdar Shaw, Non-Executive Director Chairperson till January 20, 2021 and Executive Chairperson w.e.f. January 21, 2021

(iv) Akhilesh Nand, Company Secretary (w.e.f. July 23, 2020)

(v) Mayank Verma, Company Secretary (w.e.f. August 1, 2019 upto July 23, 2020)

(vi) M.B. Chinappa, Chief Financial Officer (w.e.f. January 06, 2020)

(vii) Peter Piot, Independent director (w.e.f. January 21, 2021)

(viii) Bobby Kanubhai Parikh, Independent director (w.e.f. August 1, 2019)

(ix) Nivriti Rai, Independent director (w.e.f. August 1, 2019)

(x) Russell Walls, Independent director

(xi) Daniel M Bradbury, Independent director (w.e.f. August 1, 2019)

(xii) Thomas Jason Roberts, Non-Independent Non-Executive Director (w.e.f. November 15, 2021)

(e) The remuneration to key management personnel doesn't include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Group as a whole.

(f) Share based compensation expense allocable to key management personnel is Rs 57 (March 31, 2021: Rs 8), which is not included in the remuneration disclosed above.

(g) Fellow subsidiary companies with whom the Group did not have any transactions:

(i) Syngene USA Inc., a subsidiary of Syngene International Limited

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

(iii) Biocon Academy, a subsidiary of Biocon Limited

(iv) Biocon Pharma Ireland Limited, a subsidiary of Biocon Pharma Limited

(h) Amounts are not presented since the amounts are rounded off to Rupees million.

(v) Biocon Pharma Inc., a subsidiary of Biocon Pharma Limited

(vi) Biocon Pharma Malta, a subsidiary of Biocon Pharma Limited

(vii) Biocon Pharma Malta I, a subsidiary of Biocon Pharma Malta





**29. Tax expense**

	Year ended March 31, 2022	Year ended March 31, 2021
(a) Amount recognised in Statement of profit and loss		
Current tax	931	685
Deferred tax (credit) / expense related to:		
MAT credit entitlement	(97)	(261)
Origination and reversal of temporary differences	(31)	321
<b>Tax expense for the year</b>	<b>803</b>	<b>745</b>
(b) Reconciliation of effective tax rate		
Profit before tax	4,628	3,420
Tax at statutory income tax rate 34.944% (March 31, 2021: 29.12%)	1,617	996
<i>Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Difference in overseas/domestic tax rates	(527)	(111)
Exempt income and other deductions	(889)	(519)
Tax losses for which no deferred tax was recognised	433	416
Non-deductible expense	18	6
Tax for earlier years	27	-
Impact of true-up of deferred tax due to rate change	114	-
Others	10	(43)
<b>Income tax expense</b>	<b>803</b>	<b>745</b>

**(c) Recognised deferred tax assets and liabilities**

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

For the year ended March 31, 2022	Opening balance	Recognised in profit or loss	Recognised in OCI	Exchange difference	Closing balance
<b>Deferred tax liabilities</b>					
Property, plant and equipment and intangible assets	575	271	-	29	875
Derivative assets	38	-	40	-	78
<b>Gross deferred tax liabilities</b>	<b>613</b>	<b>271</b>	<b>40</b>	<b>29</b>	<b>953</b>
<b>Deferred tax assets</b>					
Provision for employee benefits	71	55	6	-	132
Allowance for doubtful debts	8	1	-	-	9
MAT credit entitlement	816	97	-	-	913
Derivative liabilities	165	-	(114)	-	51
Deferred revenue	82	(52)	-	-	30
Lease liabilities	52	38	-	-	90
Expenses allowed on payment basis	-	189	-	-	189
Others	40	71	-	-	111
<b>Gross deferred tax assets</b>	<b>1,234</b>	<b>399</b>	<b>(108)</b>	<b>-</b>	<b>1,525</b>
<b>Deferred tax assets (net)</b>	<b>621</b>	<b>128</b>	<b>(148)</b>	<b>(29)</b>	<b>572</b>

For the year ended March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in OCI	Exchange difference	Closing balance
<b>Deferred tax liabilities</b>					
Property, plant and equipment and intangible assets	376	223	-	(24)	575
Derivative assets	-	-	38	-	38
<b>Gross deferred tax liabilities</b>	<b>376</b>	<b>223</b>	<b>38</b>	<b>(24)</b>	<b>613</b>
<b>Deferred tax assets</b>					
Provision for employee benefits	69	-	2	-	71
Allowance for doubtful debts	8	-	-	-	8
MAT credit entitlement	555	261	-	-	816
Derivative liabilities	17	-	148	-	165
Deferred revenue	199	(114)	-	(3)	82
Lease liabilities	36	16	-	-	52
Others	40	-	-	-	40
<b>Gross deferred tax assets</b>	<b>924</b>	<b>163</b>	<b>150</b>	<b>(3)</b>	<b>1,234</b>
<b>Deferred tax assets (net)</b>	<b>548</b>	<b>(60)</b>	<b>112</b>	<b>21</b>	<b>621</b>



### 30. Employee benefit plans

- (i) The Group has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement/termination age and does not have any maximum monetary limit for payments. The gratuity plan is unfunded.

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

	Net defined benefit obligation	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	301	255
Current service cost	44	37
Interest expense/(income)	17	15
Amount recognised in Statement of profit and loss	61	52
Remeasurements:		
Actuarial (gain)/loss arising from:		
Financial assumptions	(10)	3
Experience adjustment	29	2
Amount recognised in other comprehensive income	19	5
Benefits paid	(33)	(11)
Balance at the end of the year	349	301
Non-current	299	270
Current	50	31
	349	301

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

	March 31, 2022	March 31, 2021
Interest rate	6.1%	5.6%
Discount rate	6.1%	5.6%
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 7 years (March 31, 2021 - 7 years).

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

- (iii) Sensitivity analysis

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

Particulars	March 31, 2022		March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(18)	20	(17)	19
Salary increase (1% change)	20	(18)	18	(17)
Attrition rate (1% change)	(4)	5	(5)	5

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

Maturity profile of defined benefit obligation

Particulars	March 31, 2022	March 31, 2021
1st Following year	49	31
2nd Following year	36	31
3rd Following year	42	37
4th Following year	37	34
5th Following year	35	29
Years 6 to 10	324	285



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

#### A. Accounting classification and fair values

March 31, 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments	207	-	-	207	207	-	-	207
Trade receivables	-	-	8,780	8,780	-	-	-	-
Cash and cash equivalents	-	-	1,537	1,537	-	-	-	-
Other bank balance	-	-	1,064	1,064	-	-	-	-
Derivative assets	-	224	-	224	-	224	-	224
Other financial assets	-	-	3,891	3,891	-	-	-	-
	<b>207</b>	<b>224</b>	<b>15,272</b>	<b>15,703</b>	<b>207</b>	<b>224</b>	<b>-</b>	<b>431</b>
<b>Financial liabilities</b>								
Lease liabilities	-	-	2,067	2,067	-	-	-	-
Derivative liability	-	136	-	136	-	136	-	136
Borrowings	12,864	-	37,759	50,623	-	-	12,864*	12,864
Trade payables	-	-	9,044	9,044	-	-	-	-
Other financial liabilities	-	-	1,094	1,094	-	-	-	-
	<b>12,864</b>	<b>136</b>	<b>49,964</b>	<b>62,964</b>	<b>-</b>	<b>136</b>	<b>12,864</b>	<b>13,000</b>
March 31, 2021	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments	3,330	-	-	3,330	3,330	-	-	3,330
Trade receivables	-	-	5,849	5,849	-	-	-	-
Cash and cash equivalents	-	-	2,583	2,583	-	-	-	-
Other bank balance	-	-	2,060	2,060	-	-	-	-
Derivative assets	-	129	-	129	-	129	-	129
Other financial assets	-	-	4,230	4,230	-	-	-	-
	<b>3,330</b>	<b>129</b>	<b>14,722</b>	<b>18,181</b>	<b>3,330</b>	<b>129</b>	<b>-</b>	<b>3,459</b>
<b>Financial liabilities</b>								
Lease Liability	-	-	1,965	1,965	-	-	-	-
Derivative liability	-	618	-	618	-	618	-	618
Borrowings	12,864	-	35,418	48,282	-	-	12,864*	12,864
Trade payables	-	-	9,314	9,314	-	-	-	-
Other financial liabilities	-	-	2,128	2,128	-	-	-	-
	<b>12,864</b>	<b>618</b>	<b>48,825</b>	<b>62,307</b>	<b>-</b>	<b>618</b>	<b>12,864</b>	<b>13,482</b>

\*Preference shares are convertible / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been recorded at its fair value which is equivalent to the face value.

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

#### B. Measurement of fair values

Fair value of liquid investments are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market price.

#### Sensitivity analysis

For the fair values of forward contracts and options contracts of foreign currencies and interest rate swaps, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant observable inputs	March 31, 2022		March 31, 2021	
	Impact on other components of equity		Impact on other components of equity	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(110)	110	(74)	86
Interest rates (100 bps movement)	186	(186)	272	(272)

#### C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### (i) Risk management framework

The Group'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 from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the balance sheet. The Group uses ageing analysis to monitor the credit quality of its receivables.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables, unbilled revenue and other receivables. The exposure to credit risk as at reporting date amounts to Rs 27 (March 31, 2021: Rs 27).

Allowance for impairment	March 31, 2022	March 31, 2021
Opening Balance	27	26
Impairment loss recognised	-	1
Closing Balance	27	27

Refer to Note 10 for details of aging of trade receivables and allowance for credit losses. Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

Trade receivables including unbilled revenue from an individual customer is Rs. 4,483 (March 31, 2021 - Rs. 2,846) which is more than 10 percent of the Group's trade receivables including unbilled revenue.

Credit risk on cash and cash equivalents is limited as the Group generally transacts with Banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

As at March 31, 2022, outstanding NCRPS and OCRPS issued to Holding Company amounts to Rs 12,864 with a tenure of 10 years from the date of issue has been disclosed under current maturities of non-current borrowings. The Group believes that the working capital is sufficient to meet its current liquidity requirements. Accordingly, no liquidity risk is perceived.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	18,958	247	30,788	630	50,623
Lease liabilities	539	509	1,076	691	2,815
Trade payables	9,044	-	-	-	9,044
Derivative liabilities	106	6	24	-	136
Other financial liabilities	1,094	-	-	-	1,094
<b>Total</b>	<b>29,741</b>	<b>762</b>	<b>31,888</b>	<b>1,321</b>	<b>63,712</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2021:

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	23,675	2,750	8,794	13,063	48,282
Lease liabilities	481	478	1,128	629	2,716
Trade payables	9,314	-	-	-	9,314
Derivative liabilities	228	161	225	4	618
Other financial liabilities	2,128	-	-	-	2,128
<b>Total</b>	<b>35,826</b>	<b>3,389</b>	<b>10,147</b>	<b>13,696</b>	<b>63,058</b>

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(iv) Market risk

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

Foreign currency risk

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

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

March 31, 2022	USD	EUR	Others	Total
<b>Financial assets</b>				
Investments	102	-	-	102
Trade receivables	7,618	45	137	7,800
Cash and cash equivalents	896	12	171	1,079
Other bank balance	64	-	-	64
Derivative assets	224	-	-	224
Other financial assets	3,691	-	20	3,711
<b>Financial liabilities</b>				
Non-current borrowings	(26,164)	-	-	(26,164)
Current borrowings	(2,845)	-	-	(2,845)
Derivative liabilities	(136)	-	-	(136)
Trade payables	(3,888)	(265)	(715)	(4,867)
Lease liabilities	(10)	-	-	(10)
Other financial liabilities	(424)	(54)	(57)	(535)
<b>Net liabilities</b>	<b>(20,872)</b>	<b>(262)</b>	<b>(444)</b>	<b>(21,577)</b>
<b>March 31, 2021</b>	<b>USD</b>	<b>EUR</b>	<b>Others</b>	<b>Total</b>
<b>Financial assets</b>				
Trade receivables	4,749	3	342	5,094
Cash and cash equivalents	1,783	27	93	1,903
Other bank balance	60	-	-	60
Derivative assets	129	-	-	129
Other financial assets	3,910	-	69	3,979
<b>Financial liabilities</b>				
Non-current borrowings	(8,815)	-	-	(8,815)
Current borrowings	(10,483)	-	(328)	(10,811)
Derivative liabilities	(618)	-	-	(618)
Trade payables	(4,394)	(642)	(591)	(5,627)
Other financial liabilities	(834)	(145)	(205)	(1,184)
<b>Net liabilities</b>	<b>(14,513)</b>	<b>(757)</b>	<b>(620)</b>	<b>(15,890)</b>

Sensitivity analysis

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

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(195)	(73)	(318)	(219)
INR/USD - Decrease by 1%	195	73	318	231
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	(1)	(6)	(3)	(8)
INR/EUR - Decrease by 1%	1	6	3	8

Derivative financial instruments

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

Particulars	March 31, 2022	March 31, 2021
	(in Million)	
Foreign exchange forward contracts to buy between 0-2 Years	USD 151	USD 100
European style option contracts with periodical maturity dates between 0-2 Years	USD 70	USD 70
European style range forward contracts with periodical maturity dates between 0-2 Years	USD 63	USD 70
Interest rate swaps used for hedging LIBOR component in external commercial borrowings	USD 75	USD 107



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

The Group's main interest rate risk arises from non-current borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended March 31, 2022 and March 31, 2021 the Group's borrowings at variable rate were denominated in INR and USD.

**(a) Interest rate risk exposure**

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

Particulars	March 31, 2022	March 31, 2021
Variable rate borrowings	13,842	11,235
Fixed rate borrowings	36,781	37,047
<b>Total borrowings</b>	<b>50,623</b>	<b>48,282</b>

**(b) Sensitivity**

The Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

**32. Capital management**

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Group focused on keeping strong total capital 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 Group.

To maintain a stable capital structure, during the previous year the Group had issued equity shares (refer note 12) and debentures (refer note 13) in previous year for a consideration (net of issue expense) of Rs. Rs. 7,664 and Rs. 13,016.

The Group has issued NCRPS and OCRPS to the Holding Company which are classified as financial liabilities in these financial statements. However, the Group has considered NCRPS and OCRPS as part of capital for below disclosure.

The Group's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future period.

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

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

Particulars	March 31, 2022	March 31, 2021
Total equity	22,108	17,811
Preference share capital (NCRPS and OCRPS)	12,864	12,864
<b>Total capital attributable to the shareholders of the Company (including NCRPS and OCRPS)</b>	<b>34,972</b>	<b>30,675</b>
<b>As a percentage of total capital</b>	<b>48%</b>	<b>46%</b>
Non-current borrowings *	31,664	24,607
Current borrowings	6,095	10,811
<b>Total borrowings</b>	<b>37,759</b>	<b>35,418</b>
<b>As a percentage of total capital</b>	<b>52%</b>	<b>54%</b>
<b>Total capital (Equity capital, preference capital and borrowings)</b>	<b>72,731</b>	<b>66,093</b>

\* includes OCD amounting to Rs. 12,344 (March 31, 2021 : Rs. 10,293) [refer note 13(g)]

**33. Interest in other entities**

**(a) Subsidiaries**

The Group's subsidiaries as at March 31, 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the Group (%)		Principal activities
		March 31, 2022	March 31, 2021	
Biocon Biologics UK Limited	United Kingdom	100	100	Sale of biosimilar products
Biocon Sdn Bhd	Malaysia	100	100	Biopharmaceutical manufacturing and Sale of biosimilar products
Biocon Biologics Inc.	United States of America	100	100	Sale of biopharmaceutical products
Biocon Biologics Healthcare Malaysia Sdn Bhd (formerly "Biocon Healthcare Sdn Bhd")	Malaysia	100	100	Sale of biopharmaceutical products
Biocon Biologics Do Brasil LTDA	Brazil	100	100	Sale of biopharmaceutical products
Biocon Biologics FZ LLC	United Arab Emirates	100	100	Sale of biopharmaceutical products
Biocon Biologics Employees Welfare Trust	India	100	NA	Administration of the Employee stock option plans of the Group



**BIOCON BIOLOGICS LIMITED (formerly "BIOCON BIOLOGICS INDIA LIMITED")**  
**Notes to consolidated financial statements for the year ended March 31, 2022**  
**(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)**

34. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary

Name of Entity	Net assets as at March 31, 2022		Share in profit or loss for the year ended March 31, 2022		Share in other comprehensive income for the year ended March 31, 2022		Share in total comprehensive income for the year ended March 31, 2022	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Biologics Limited (formerly "Biocon Biologics India Limited")	49%	21,206	40%	860	87%	340	47%	1,200
<b>Subsidiaries</b>								
<b>Foreign</b>								
Biocon Sdn Bhd	-11%	(4,834)	-50%	(1,080)	13%	50	-41%	(1,030)
Biocon Biologics UK Limited	62%	26,840	117%	2,524	0%	-	100%	2,524
Biocon Biologics Healthcare Malaysia Sdn Bhd (formerly "Biocon Healthcare Sdn Bhd")	0%	(1)	0%	(0)	0%	-	0%	(0)
Biocon Biologics Inc	0%	(72)	-5%	(110)	0%	-	-4%	(110)
Biocon Biologics Do Brasil LTDA	0%	(16)	-2%	(49)	0%	-	-2%	(49)
Biocon Biologics FZ LLC	0%	74	0%	1	0%	-	0%	1
<b>Gross Total</b>	<b>100%</b>	<b>43,197</b>	<b>100%</b>	<b>2,146</b>	<b>100%</b>	<b>390</b>	<b>100%</b>	<b>2,536</b>
Adjustment arising on consolidation		(21,089)		1,679		569		2,248
<b>Total</b>		<b>22,108</b>		<b>3,825</b>		<b>959</b>		<b>4,784</b>
<b>Name of Entity</b>	<b>Net assets as at March 31, 2021</b>		<b>Share in profit or loss for the year ended March 31, 2021</b>		<b>Share in other comprehensive income for the year ended March 31, 2021</b>		<b>Share in total comprehensive income for the year ended March 31, 2021</b>	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Biologics Limited (formerly "Biocon Biologics India Limited")	50%	20,493	177%	2,097	125%	(380)	195%	1,717
<b>Subsidiaries</b>								
<b>Foreign</b>								
Biocon Sdn Bhd	-12%	(4,972)	-208%	(2,465)	-25%	76	-271%	(2,389)
Biocon Biologics UK Limited	62%	25,174	140%	1,660	0%	-	188%	1,660
Biocon Biologics Healthcare Malaysia Sdn Bhd (formerly "Biocon Healthcare Sdn Bhd")	0%	(1)	0%	-	0%	-	0%	-
Biocon Biologics Inc	0%	(42)	-7%	(87)	0%	-	-10%	(87)
Biocon Biologics Do Brasil LTDA	0%	1	-2%	(19)	0%	-	-2%	(19)
Biocon Biologics FZ LLC	0%	-	0%	-	0%	-	0%	-
<b>Gross Total</b>	<b>100%</b>	<b>40,653</b>	<b>100%</b>	<b>1,186</b>	<b>100%</b>	<b>(304)</b>	<b>100%</b>	<b>882</b>
Adjustment arising on consolidation		(22,842)		1,489		(145)		1,344
<b>Total</b>		<b>17,811</b>		<b>2,675</b>		<b>(449)</b>		<b>2,226</b>





**35. Contingent liabilities and commitments**

(to the extent not provided for)

**(i) Contingent liabilities**

(a) Claims against the Group not acknowledged as debt

The above includes

(i) Direct taxation

(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)

March 31, 2022	March 31, 2021
1,107	1,041
986	986
121	55

The Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Group believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.

Other than the matter disclosed above, the Group is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters will not have any material adverse effect on the Group's financial position and results of operations.

**(ii) Commitments:**

(b) Estimated amount of contracts remaining to be executed on capital account and not provided for

4,031	3,119
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**36. Earning per equity share (EPS) :**

**Earnings**

For basic and diluted EPS\*

Year ended March 31, 2022	Year ended March 31, 2021
3,825	2,675

**Shares**

Basic outstanding shares

Add: Weighted average shares issued during the year

**Weighted average shares used for computing basic EPS**

Add: Effect of dilutive rights granted under OCRPS

Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise

Add: Effect of dilutive rights granted under OCD \*

**Weighted average shares used for computing diluted EPS**

1,058,849,676	1,030,219,915
-	6,328,164
<b>1,058,849,676</b>	<b>1,036,548,079</b>
38,456,065	38,564,446
2,333,060	-
-	-
<b>1,099,638,801</b>	<b>1,075,112,525</b>

**Earnings per equity share**

Basic (in Rs)

Diluted (in Rs)

3.61	2.58
3.48	2.49

\*As at March 31, 2022, outstanding OCD are anti-dilutive in nature.

**37. Segmental reporting**

The Chief Operating Decision Maker reviews the operations of the Group as Pharmaceutical business, which is considered to be the only reportable segment by the management.

**Geographical segment**

For details of revenue by geography please refer to note 19.1

**Non-current assets**

Particulars	March 31, 2022	March 31, 2021
India	31,867	26,024
Malaysia	24,727	23,614
Rest of the world	6,542	6,627
<b>Total</b>	<b>63,137</b>	<b>56,265</b>

Note: Non-current assets excludes financial instruments, income tax and deferred tax assets.

For details of significant customer refer note 19.5

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### 38. Employee stock compensation

#### a) Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24

On July 21, 2021, Board of Directors of the Company approved the Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24 ('RSU Plan') for the grant of Restricted stock units to the employees of the Company and its subsidiaries. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon Biologics Employees Welfare Trust (ESOP Trust).

In July 2021, the Company approved the grant to its employees under the RSU Plan. The options under this grant would vest to the employees as 33%, 33% and 34% of the total grant at the end of first, second and third year, respectively from the date of grant. Exercise period is 3 years for each grant. These options are exercisable at Rs. 10 per RSU. The RSU Plan provides for certain market and non-market conditions for vesting which are measured through revenue, profit, achievement of key milestones and share price increase.

Particulars	March 31, 2022		March 31, 2021	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	5,142,857	10	-	-
Lapses/forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,142,857	10	-	-
Exercisable at the end of the year	5,142,857	10	-	-
Weighted average remaining contractual life (in years)	5.3	-	-	-
Weighted average fair value of options granted	208.1	-	-	-

Assumptions used in determination of the fair value of the stock options under the option pricing model for the grants during the year are as follows:

Particulars	March 31, 2022	March 31, 2021
Weighted Average Exercise Price	10	-
Expected volatility	49.2% - 50.2%	-
Life of the options granted (vesting and exercise period) in years	6	-
Average risk-free interest rate	5.3% - 5.6%	-
Expected dividend rate	0%	-

The Company has recorded an amount of Rs 412 (March 31, 2021: Nil) as cost of the above RSU Plan in the statement of profit and loss.

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

Total number of options outstanding	March 31, 2022	March 31, 2021
ESOP Plan 2000	4,254,067	7,306,345
RSU Plan 2015	69,942	188,568
RSU Plan 2019 #	4,771,688	5,610,785

# adjusted for the impact of bonus issue

The Group has recorded an amount of Rs 137 (March 31, 2021: Rs. 161) as cost of the above stock option plans based on amounts cross charged by its Holding company.

### 39. Acquisitions

a) The Company has entered into merger co-operation agreement with Serum Institute Life Sciences Private Limited ("SILS") and Covidshield Technologies Private Limited ("CTPL" or Transferor company) wholly owned subsidiary of SILS on September 16, 2021. Further, on January 03, 2022, the Board of Directors approved the scheme of Merger by Absorption (the Scheme) of CTPL with and into the Company (the Transferee company), with an appointed date of October 01, 2022. The Scheme is subject to the requisite statutory approvals including approval of National Company Law Tribunal ("NCLT") and/or such other competent authorities (including the Competition Commission of India), and the shareholders and creditors of the Transferor company and the Transferee company.

b) On February 27, 2022, the Company entered into a definitive agreement with its collaboration partner Viatri Inc. to acquire Viatri's biosimilars business to create a unique fully integrated global biosimilars enterprise. Viatri will receive consideration of up to USD 3.335 billion, including cash up to USD 2.335 billion and Compulsorily Convertible Preference Shares (CCPS) in the Company, valued at USD 1 billion. This transaction is subject to necessary regulatory and other approvals. As at March 31, 2022, the closing conditions of the transaction are yet to be satisfied.

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**40. Exceptional items**

- a) The Group has obtained services of professional experts (like advisory, legal counsel, valuation experts etc.) for above acquisitions mentioned in note 39. These services were availed during the financial year ended March 31, 2022 and hence these amounts aggregating to Rs. 410 have been recorded as an expense in the statement of profit and loss under the head 'Exceptional items'. Consequential tax impact of Rs. 169 is included within tax expense.
- b) During the year ended March 31, 2022, the Company had entered into amendment agreement with Goldman Sachs India AIF Scheme-I ('Investor') which resulted in modification of the compound financial instrument. Resulting loss on the modification was recorded within statement of profit and loss. The amount of Rs 274 was charged in the statement of profit and loss and has been disclosed as an exceptional item during the year ended March 31, 2022. Consequential tax impact of Rs. 49 is included within tax expense. Refer to note 13(i) for further details.
- c) The Ministry of Commerce and Industry, Government of India issued a Gazette notification number 29/2015-2020 dated September 23, 2021 on Service Exports from India Scheme (SEIS) for services rendered in financial year 2019-20 with the total entitlement capped at Rs. 50 per exporter for the period. The Company during the year has reversed the SEIS claim receivables of Rs. 120 for the financial year 2019-20 and the same has been presented under exceptional items. Consequential tax impact of Rs. 21 is included within tax expense.
- d) During the year ended March 31, 2021, the Company had paid registration fees for increasing authorised share capital of the Company and stamp duty fees on issue of such shares, amounting to Rs. 5 is recorded as exceptional item. Consequential tax of Rs. 1 is included within tax expense.
- e) During the year ended March 31, 2021, the Group had incurred severance cost amounting to amounting to Rs. 221 arising from exit of certain key personnel which was recorded as exceptional item for the year ended March 31, 2021. Consequential tax of Rs. 27 was included within tax expense.

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

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

**42.** 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.

**43. Other statutory information**

- (i) The Company do 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 did 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 do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (iv) The Group is not declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (v) The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

**44.** Previous period figures have been re-grouped/ re-classified wherever necessary, to conform to current period's classification as per the requirements of the amended Schedule III to the Companies Act, 2013 effective from April 1, 2021.

As per our report of even date attached

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

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

Bengaluru  
 April 27, 2022


for and on behalf of the **Board of Directors of Biocon Biologics Limited**  
 (formerly known as "Biocon Biologics India Limited")

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

  
**M. B. Chinappa**  
 Chief Financial Officer

Bengaluru  
 April 27, 2022

  
**Arun Suresh Chandavarkar**  
 Managing Director  
 DIN: 01596180

  
**Akhilesh Kumar Nand**  
 Company Secretary



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