



**Biocon Biologics**

Transforming Healthcare. Transforming Lives.

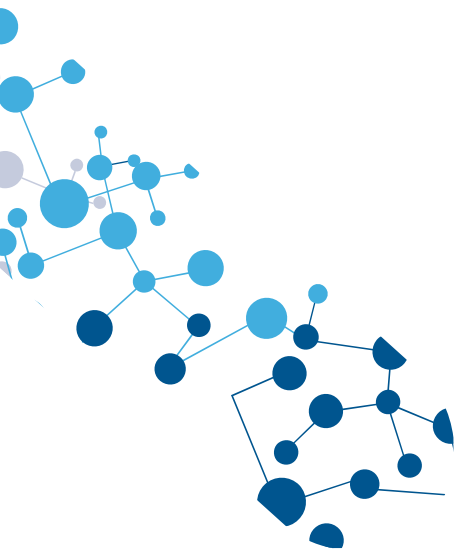


**Strategic Action.  
Transformational Growth.**

Integrated Annual Report FY 2023







# Strategic Action. Transformational Growth.

Transformation is the central theme of our growth story. It defines the strategies we adopt and the actions we take. Through our advanced scientific capabilities and manufacturing excellence, we seek to transform healthcare by enabling access to affordable, high-quality, biosimilars that significantly improve patient outcomes and are accessible to people who need them the most.

Our over 40-year legacy of being on the cutting-edge of science has enabled us to build global scale capabilities across the value chain with a competitive cost structure. We have also embedded integrated thinking in our strategic choices to optimize how the organization uses its six capitals to create value. These strategic actions have allowed us to drive profitable revenue growth from new geographies and new products, while increasing market

share in existing geographies and reach more patients in the process.

In our pursuit of transformational growth, we successfully completed the strategic acquisition of Viatrix' global biosimilars business, which encompasses our partnered products and in-licensed assets. With this acquisition, we are confident that our strong business fundamentals, fully integrated global capabilities, and rich pipeline will allow us to capitalize on the rapidly expanding global biosimilars opportunity, drive profitable growth, and unlock value for all stakeholders while transforming patients' lives.

# About the Report

**Everything we do is driven by one purpose: to transform healthcare by enabling access to lifesaving biosimilars, thereby impacting patients' lives around the world.**

The right to health is a fundamental part of our human rights, and access to essential, lifesaving medicines is a fundamental element of the right to health. Biocon Biologics Limited (BBL) is a unique, fully integrated, leading global biosimilars player that is driven by an unwavering purpose to enable equitable access to high-quality, lifesaving biosimilars for patients globally. Through our focus on scientific innovation, our sustained investments in building global manufacturing scale and a strong portfolio of products, we have increased competition and brought to market affordable alternatives to some of the world's most expensive medicines.

While we develop cutting-edge therapies, we also care about the health of our planet and the welfare of our people and the communities in which we operate. All our business functions are committed to achieving sustainable growth and creating a positive impact on society. Our responsible business practices, which embed social impact in all that we do, includes adopting strong Environmental, Social and Governance (ESG) practices.

This year, we are proud to present the first standalone Integrated Annual Report for Biocon Biologics

Limited. The report builds on our core principles of transparency and proactive disclosures, and covers all materially relevant capitals, connecting them to business risks, decisions, and outcomes in the short, medium and long term.

The report aims to provide an insight into our financial and non-financial performance, addressing the growing interest and expectations of our global stakeholders across ESG domains.

## Reporting Guidelines

The Integrated Report for BBL has been developed in accordance with the principles, guidelines and requirements of the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework. Furthermore, the report has been drafted with reference to the principles and requirements of the Global Reporting Initiative (GRI) Standards. The report is also aligned with the United Nations Global Compact (UNGC), United Nations Sustainable Development Goals (SDGs), Securities & Exchange Board of India's (SEBI) Business Responsibility and Sustainability Reporting and S&P Global's Dow Jones Sustainability Indices (DJSI).

Our financial and statutory information complies with the requirements of the Companies Act,

2013, Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Standards and other applicable laws.

## Reporting Boundaries and Scope

The financial information included in the report is for the period April 1, 2022 - March 31, 2023 (FY23). It covers BBL's global operations.

While BBL completed the acquisition of the biosimilars business of Viatris Inc. on November 29, 2022, the report doesn't reflect the operational integration of the business since the acquired business is being operated under a Transition Services Agreement during the period under review.

*\*UNGC Alignment on Page 120. A Supplementary Data Book is being released with the Integrated Annual Report that includes BRSR, GRI Index & ESG Data Book.*

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\*A Supplementary Data Book is being released with the Integrated Annual Report that includes BRSR, GRI Index & ESG Data Book.

# Executive Summary

**Biocon Biologics Limited (BBL) is a unique, fully integrated, global biosimilars enterprise with established capabilities in the development, manufacturing and commercialization of high-quality biosimilars.**

Everything we do is driven by an unwavering purpose: to transform healthcare by enabling equitable access to high-quality, lifesaving biosimilars for patients worldwide.

Our strategy of developing core and differentiated R&D and manufacturing capabilities, coupled with our commercial network, have made us a frontrunner in the biosimilars industry. We are among the first wave of biosimilars players to commercialize a unique and differentiated product portfolio straddling insulins, monoclonal

antibodies (mAbs) and conjugated recombinant proteins in global markets. We have established our brand equity with patients, prescribers, payors and regulators through a track record of quality, safety, and reliability.

Our overarching purpose of ushering in transformational change to global healthcare resonates in our Environmental, Social and Governance (ESG) programs, which include increasing access to our products in low- and middle-income countries (LMICs), reducing

carbon emissions, recycling water, adopting best-in-class governance practices and increasing diversity in the workplace.

This Integrated Annual Report, designed in line with global guidelines, is an important step towards realizing our ESG goals.

## Transforming Healthcare. Transforming Lives.

### The 4As of Our Purposeful Journey



#### Accessibility

Use our science, scale and expertise to enhance access to essential biopharmaceuticals for patients irrespective of their socio-economic status.



#### Affordability

Leverage cutting-edge science and innovative technology platforms to lower treatment costs while improving healthcare outcomes.



#### Availability

A combination of direct presence, as well as a network of strategic partners and distributors to maximize patient reach in 100+ countries.

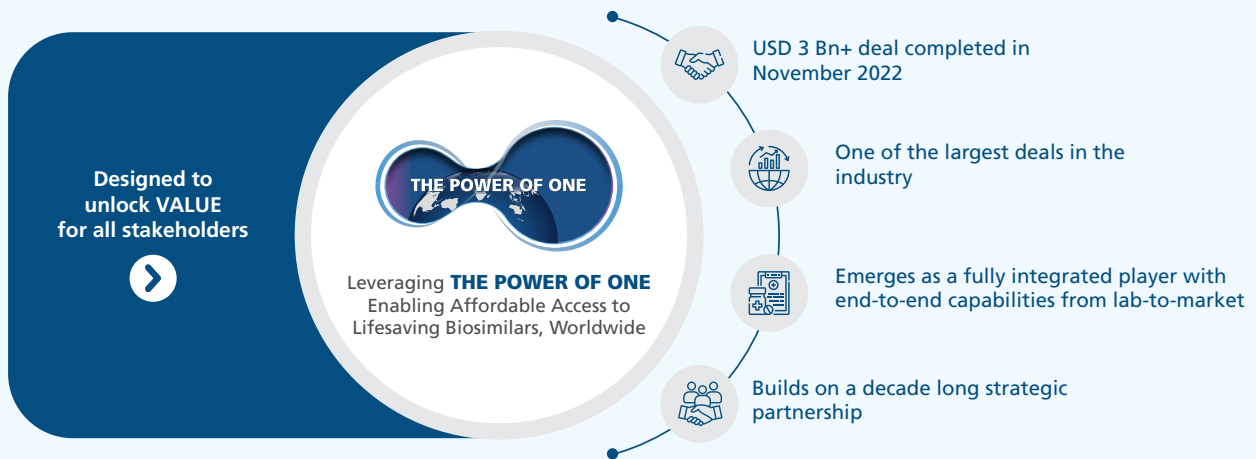


#### Assurance

Leveraging in-house R&D, clinical and regulatory capabilities to develop high-precision biosimilars for global markets.



## Transformational Acquisition of Viatri's Global Biosimilars Business



## Our Core Capabilities Across the Biosimilars Value Chain



### Research & Development

Cutting-edge science & technology capabilities



### Manufacturing

State-of-the-art global scale manufacturing facilities



### Commercialization

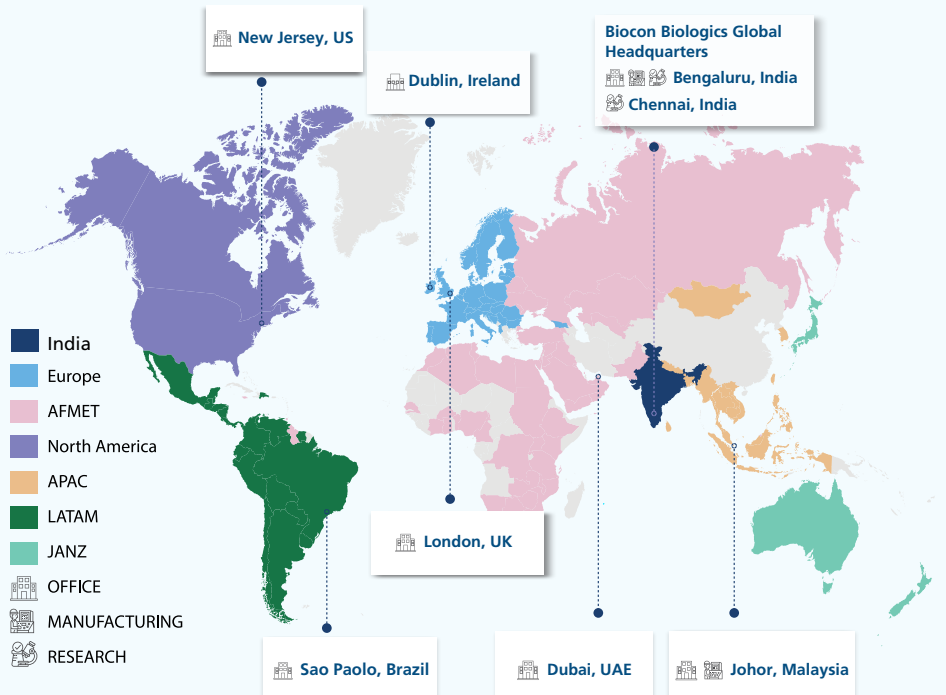
Worldwide commercial footprint

## A String of Global 'Firsts' Over the Years



# Global Reach

Serving Patients in over 100 Countries



**~5.7 million\***  
patients served globally  
through our biosimilars

**~2.1 million\***  
patients benefited in India  
through our products



\* 12-month moving annual patient population

## 20 biosimilars in portfolio, 8 commercialized globally

**Oncology**

**Fulphila<sup>®</sup>**  
bPegfilgrastim

**Ogivri<sup>™</sup>**  
bTrastuzumab

**Abevmy<sup>®</sup> 400**  
bBevacizumab

**Diabetes**

**Semglee<sup>®</sup>**  
(insulin glargine-yfgn) injection  
bGlargine U100

**Kirsty<sup>™</sup> \***  
bAspart  
**Insugen<sup>®</sup>**  
rh-Insulin

**Immunology**

**Nepexto<sup>®</sup> 50mg**  
bAdalimumab<sup>^</sup>

**Hulio<sup>™</sup>**  
bEtanercept<sup>^</sup>

<sup>^</sup> In-licensed assets  
<sup>\*</sup> Registered brand of Viatrix, MA transfer to BBL in progress

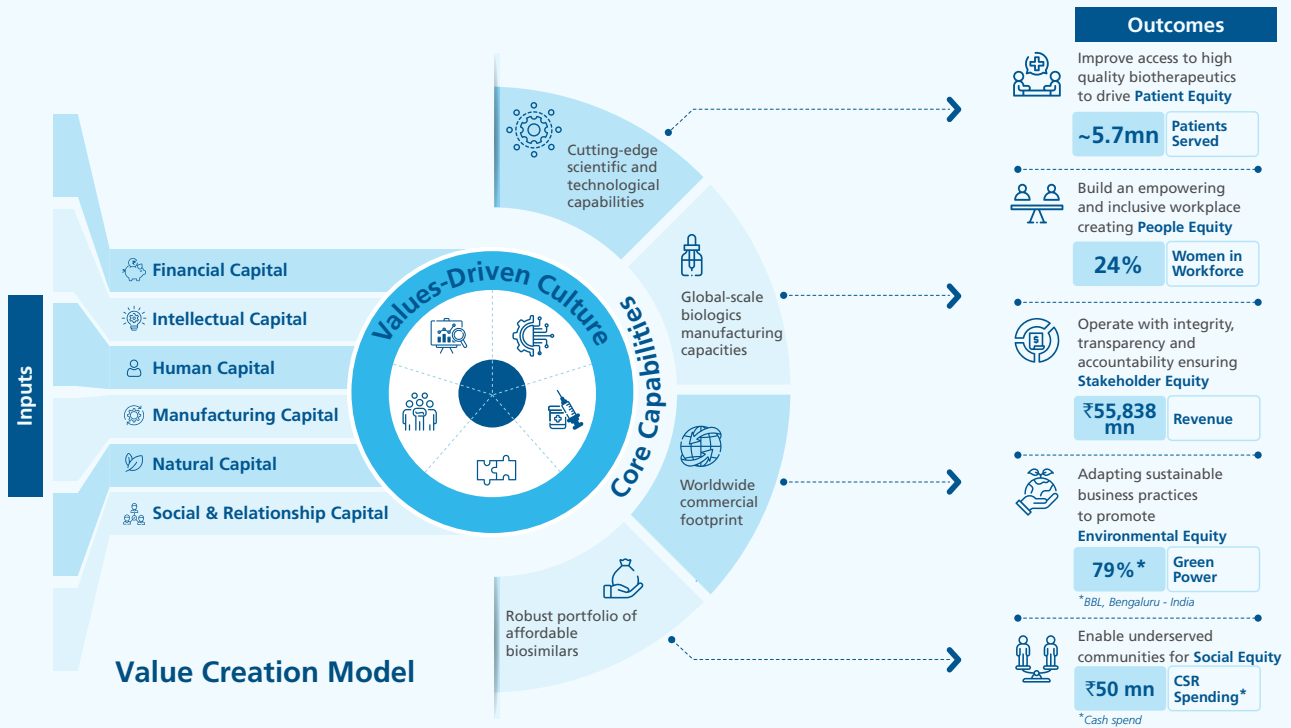


# Leveraging Capitals for Value Creation

In FY23, Biocon Biologics has adopted the Integrated Reporting <IR> Framework to provide a view of its overall performance. The framework, which is based on inputs

going into the business through its six capitals and the generation of outputs for all stakeholders, is essential to providing a comprehensive understanding of

the Company's performance, core capabilities and priorities that drive sustainable value creation for all stakeholders.



# Financial Capital

## Key Growth Drivers

- Revenue: ₹55,838 million (USD 681 million)\*
- Increased market shares across AMs & EMs
- 35+ new launches in markets worldwide in FY23
- Recognition of full revenues post acquisition of Viatris' biosimilars business
- Over 10% market share for Ogivri, Fulphila, Semglee in U.S.

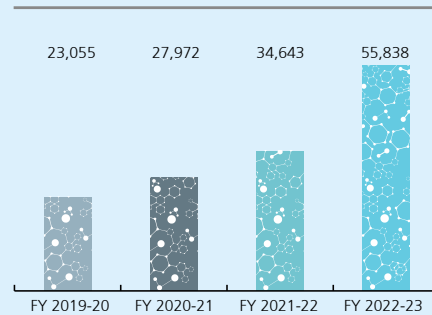
## Delivering Sustainable Growth

- EBITDA: ₹13,381 million (USD 163 million)\*
- Revenue growth has translated to an improvement in quality of earnings
- Testament to strong operational performance and healthy profitability

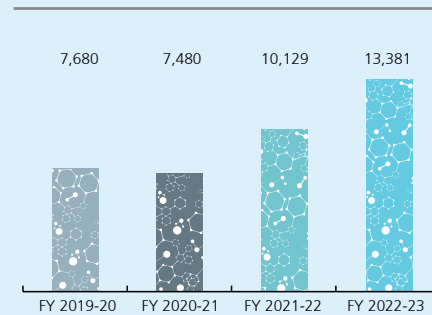
## Investing in the Future

- ₹8,890 million invested in R&D (USD 108 million)\*
- Highest pharma R&D spend in the country
- Reflects the successful progression of our pipeline products
- Will unlock USD 78 Bn opportunity by FY28

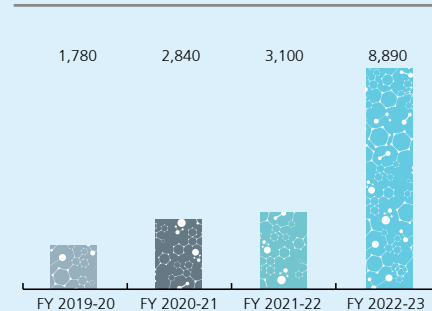
## Revenue (₹ Million)



## EBITDA (₹ Million)



## R&D Expense (₹ Million)



\* Fx rate - 1 USD = ₹82

## Manufacturing Capital



**85+**

cGMP approvals obtained from regulatory agencies



**300+ KL**

Drug Substance manufacturing capacity

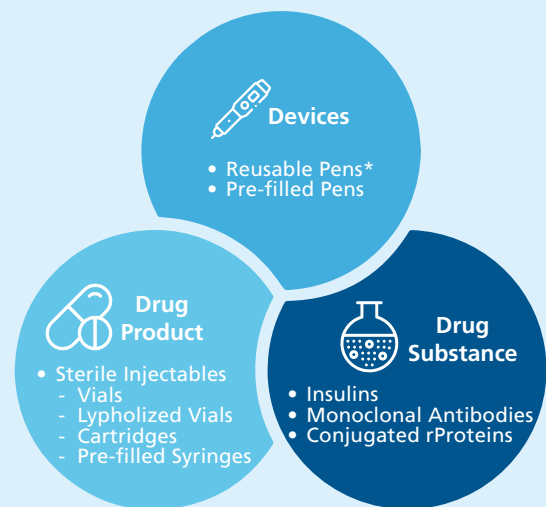


**~100 mn units**

Drug Product manufacturing capacity across 3 sites

## End-to-End Manufacturing Capabilities

- New mAbs Drug Substance Facility in Bengaluru received EU GMP certification for bTrastuzumab and bBevacizumab in FY23
- Building a Global External Manufacturing Network to expand capacity and bring our products closer to customers and patients



\*Test, release and package only

## Digital Transformation – A Key Focus Area

- Electronic Quality Management Systems
- Equipment failure early warning systems
- Machine Learning models for optimizing bioreactor yields
- Enterprise Cloud Platform and Data Lake



## Intellectual Capital



**30+**

Regulatory product approvals



**60+**

Regulatory submissions



**390+**

Biosimilars-related patents obtained



**~2,000**

Trademarks registered



### Other Key Highlights

- End-to-end in-house R&D capabilities from Early Development through to Regulatory Affairs
- Making clinical trials more sustainable, increasing Diversity & Inclusion within the trial framework and ensuring ethical conduct of trials
- Conducted medical education for healthcare professionals (HCPs) and disease awareness for patients
- Committed to advancing scientific knowledge with 7 key scientific publications

### Robust Product Portfolio

We have crafted a differentiated and comprehensive portfolio of 20 biosimilars assets, spanning insulins, mAbs and conjugated recombinant proteins, for diabetes, cancer, autoimmune diseases, ophthalmic conditions, bone health and other therapeutic areas. Of these, eight have been commercialized in global markets.

Therapy Area	Oncology	Immunology	Diabetes	Eye Health	Bone Health	Others
<b>Approved / Commercialized</b>	bPegfilgrastim bTrastuzumab bBevacizumab	bAdalimumab bEtanercept	bGlargine U100 rh-Insulin bAspart			
<b>Late Stage<sup>1</sup></b>	bDenosumab bPertuzumab	bUstekinumab		bAflibercept	bDenosumab	
<b>Early Stage<sup>2</sup></b>	2 undisclosed assets	3 undisclosed assets	bGlargine U300			2 undisclosed assets

<sup>1</sup> Clinical to BLA Review | <sup>2</sup> Pre-Clinical

## Human Capital



**5,600+**

Employees across  
6 countries



**24%**

Women in  
workforce



**65%**

Employee covered  
under new RSU  
Scheme



**67%**

Employee  
engagement score  
in GPTW survey



**25**

Average learning  
hours per employee



**Top 10**

Best Employers in  
the global biotech  
and pharma sector\*

*\*U.S.-based Science magazine*

## Other Key Highlights

- Launched a new Employee Engagement Framework: "ROW Together GROW Together"
- Use of Artificial Intelligence (AI) and other digital tools to ensure Employee Health and Safety (EHS)
- Dedicated Human Rights Policy applicable to all employees of Biocon Biologics Limited and its subsidiaries and business partners



## Natural Capital



### ISO 14001:2015

Certification (Environmental Management System)^



### 44%

Share of 'green power' in energy consumed in global operations



### 100%

Treated wastewater is recycled\*



### 30%

Reduction in freshwater usage at Malaysia facility in past 2 years

\*Includes Biocon Limited and Biocon Biologics

^The ISO certification pertains to India operations



14 MW captive solar power plant at Raichur, North Karnataka, that helps us to meet our 'green energy' goals

### Other Key Highlights

- Management of Natural Capital governed by an overarching Environment, Occupational Health, Safety, Sustainability (EHSS) policy
- Clear annual targets on emission reduction and water conservation committed to lenders through USD 1.2 billion Sustainability Linked Loan with validation from 3rd party agencies
- Scope 1 emissions were at 18,190 tCO<sub>2</sub>e and our Scope 2 emissions at 54,923 tCO<sub>2</sub>e
- Replacing furnace oil with natural gas and a shift towards sea freight have helped significantly reduce Greenhouse Gas emissions

## Social and Relationship Capital



**₹50 mn**

CSR spending\* in FY23



**3.75+ bn**

Doses of rh-insulin supplied to diabetes patients since 2004



**980,000+**

Population covered through eLAJ Smart Clinics



**~10 LMICs**

Where our insulins have >50% market share



\*Cash spend

### Other Key Highlights

- Biosimilars, which are core to our business, have reduced prices of several lifesaving therapeutics, improving access across Advanced and Emerging Markets
- Programs with local partners to enhance access to lifesaving biosimilars and provide patient assistance for cancer and diabetes
- ESG evaluation of key vendors and suppliers is integral to our business operations
- Global standard governance policies and processes (risk management, internal audit, etc.) with transparent disclosures, allowing value creation for all stakeholders



# Our Vision

Our vision is to be a global leader in biologics, delivering affordable access to innovative and inclusive healthcare solutions, transforming patients' lives.

The values that help us stay true to this path are:







# Leadership Messages





# Chairperson's Message

**Kiran Mazumdar-Shaw**

Executive Chairperson



# Strategic Action. Transformational Growth.

Dear Shareholders,

The increasing dominance of biologics in the global healthcare market reached an inflection point in 2022 as the number of biologicals approved surpassed small molecules approvals in the U.S. Yet, access to advanced therapies to treat non-communicable diseases (NCDs) remained out of reach for millions, both in rich and poor countries, due to their prohibitive costs.

In such a scenario, biosimilars have a large role to play in easing the financial burden for both patients and healthcare systems. Biosimilars, which are affordable alternatives to expensive innovator biologics and ensure the same treatment outcome, can enable global health equity. Recognizing the role of biosimilars in addressing issues of access and affordability, governments and regulatory agencies are supporting speedier market entry and wider adoption of these therapeutics. The U.S. has recently introduced legislation to accelerate biosimilar adoption and with good reason. Over the past six years, biosimilars have driven USD 21 billion in savings, which can potentially rise to USD 100 billion over the next five years in the U.S.

The World Health Organisation (WHO) and the European Medicines Agency (EMA) have waived comparative Phase 3 efficacy trials for biosimilars, giving manufacturers the opportunity to bring their products to market faster and at lower costs. Expanding access to biosimilars for treating NCDs such as cancer and diabetes could help save millions of lives worldwide, moving the world closer to achieving the United Nations Sustainable Development Goal (UN SDG) 3.4 of reducing premature mortality from NCDs by a third by 2030. Low- and middle-income countries (LMICs), which account for more than three-quarters of global deaths from NCDs, suffer disproportionately high economic costs. Reports suggest that premature death and reduced productivity due to poor health could reduce global GDP by an estimated 15% annually.

## Expanding Healthcare Access through Biosimilars

Biocon Biologics had recognized the need for enabling affordable access to healthcare through cost-effective biosimilars over two decades ago. Since then, we have used our science and technological innovation to develop a portfolio of world class biosimilars, thus enabling access to these lifesaving and essential therapies to patients and healthcare systems in over 100 countries.



**Expanding access to biosimilars for treating NCDs such as cancer and diabetes could help save millions of lives worldwide, moving the world closer to achieving the UN SDG 3.4 of reducing premature mortality from NCDs by a third by 2030.**





In FY23, there were over 35 launches of our eight commercialized biosimilars and nearly 5.7 million patients across the world were provided access to our biosimilars portfolio.

Our overarching aspiration to address the needs of underserved communities in emerging economies has led BBL to focus on regulatory filings in several LMICs, where the need for biosimilars is most urgent. Moreover, we are working with global health organizations such as Clinton Health Access Initiative (CHAI) and Action4Diabetes to improve penetration of our biosimilars for cancer and diabetes among some of the poorest countries in the world. Our patient assistance programs in LMICs are helping people with no health insurance and those who are underinsured in Malaysia, Saudi Arabia, and UAE. We are also sponsoring education and training programs in disease management in LMICs.

### A Strategic Acquisition

FY23 saw the successful completion of the acquisition of Viatrix' global biosimilars business on November 29, 2022. This deal is strategic and transformational as it enables us to realize the full value of the Biosimilars business under Brand Biocon. Furthermore, it gives us access to Viatrix' commercial infrastructure and sales teams in the Advanced Markets and several Emerging Markets. It also gives us full ownership of Viatrix' rights in partnered and in-licensed biosimilars assets.

### A Transformative Year

The impact of this transformational acquisition is reflected in the 61% jump in BBL's revenues from operations to ₹55,838 million (USD 681 million) in FY23. The exceptional topline performance was supported by strong growth in our underlying business in both Advanced and Emerging Markets.

In FY23, our commercialized biosimilars maintained or improved their market share in U.S. and Europe. Ogivri continued to be among the leading bTrastuzumab brands in Canada and Australia. Hulio (bAdalimumab), our biosimilar version of blockbuster immunology drug Humira\*, launched last year garnered double-digit market share in France and Germany.

In the Emerging Markets, strong demand for our biosimilar insulins and monoclonal antibodies, growing portfolio coverage and several new launches contributed to a robust annual business performance.

We expect to build on this strong revenue momentum in FY24 through new launches such as Hulio in the U.S., better performance of our commercialized biosimilars, and integration of the acquired business.



**The impact of this transformational acquisition is reflected in the 61% jump in BBL's revenues to ₹55,838 million (USD 681 million) in FY23. The exceptional topline performance was supported by strong growth in our underlying business in both Advanced and Emerging Markets.**

\* Registered brand of AbbVie Inc.

We have a sizeable pipeline to support our medium-term growth. The addressable market for our biosimilars is estimated to grow over three times to USD 78 billion in the next five years. We have been making substantial investments in R&D in line with our belief that 'our pipeline is our lifeline.' R&D investments for the year nearly tripled to ₹8,890 million (USD 108 million), representing 16% of revenues, reflecting the progress of our pipeline assets in global clinical trials in FY23. It is pertinent to highlight that we have a demonstrated track record of delivering industry leading EBITDA whilst recording the highest pharma R&D spending in the country.

In April 2023, BBL and Serum Institute Life Sciences (SILS) restructured the original equity linked strategic vaccine alliance announced in September 2021. SILS has now invested USD 300 million in exchange for a 5% equity stake in the Company. BBL will continue to have an opportunity to participate in the vaccines segment.

### A Strong Leadership Team

At a time when the Company is preparing for global leadership in biosimilars, Shreehas Tambe took over the responsibility of leading Biocon Biologics as CEO and Managing Director. His demonstrated track record of business success, deep technical and operational expertise provide him with proven leadership capabilities to assume this role. Shreehas succeeds Arun Chandavarkar, who will continue to serve as a Non-Executive and Non-Independent Director on the Board of Biocon Biologics. I would also like to welcome Rajiv Malik, President & Director of Viatrix, to the Board of Biocon Biologics. He will serve as Non-Executive and Non-Independent Director and a nominee of Mylan Inc. (Viatrix).

### Robust ESG Focus

At BBL, we are led by a business purpose that defines a long-term Environmental, Social, and Governance (ESG) path to create value while addressing investors' performance expectations in the short term.

In line with our aspiration of achieving 'Net Zero', we reported total energy savings of 70,450 MWh and carbon footprint reduction of 50,724 tCO<sub>2</sub>e in FY23. Our continuous efforts to increase adoption of renewable energy as the preferred source led to 44% of our total energy needs for the year, across global operations, being fulfilled by 'green power' sources, mostly wind and solar. 100% of our treated wastewater was recycled and reused in different processes and utilities.

Concerted efforts were made towards improving gender diversity, which led to the hiring of nearly 600 women across functions, driving up the gender diversity ratio to 24% from 21% in the previous year.



**At BBL, we are led by a business purpose that defines a long-term Environmental, Social, and Governance (ESG) path to create value while addressing investors' performance expectations in the short term.**

To have a meaningful social impact, BBL invested ₹50 million in several initiatives through its CSR arm, Biocon Foundation. Our flagship eLAJ smart clinics, which have strengthened primary healthcare services in rural Karnataka, witnessed a 51% YoY growth in beneficiaries to nearly 70,000 in FY23. We have provided funds for the construction of a Post-Graduate Medical School within the IISc, Bengaluru campus, to support excellence in clinical sciences and inter-disciplinary research. Additionally, we are funding the construction of the Hebbagodi Metro Station on Hosur Road, which will not only improve urban mobility but will also contribute to lowering the environmental impact from vehicular pollution.

To reinforce the highest standards of corporate governance in BBL, we implemented globally benchmarked processes and practices. We have joined the United Nations Global Compact, the world's largest voluntary corporate sustainability initiative, in FY23.

Our ongoing commitment towards sustainability was recognized by the EcoVadis Silver medal and our inclusion in the prestigious S&P Sustainability Yearbook 2023 as "Industry Mover."

We are proud to present our first GRI-aligned Integrated Annual Report, which captures our value creation story for FY23.

## Looking Ahead

FY23 was a year of strategic action to drive transformational growth. I would like to thank all Biocon Biologics employees for their co-ordinated efforts and our partners, investors, and customers for their continued business support. I look forward to a successful FY24 as we continue to drive our future growth, create long-term value for all our shareholders, and make a lasting impact on global healthcare.

Yours sincerely,

Sd/-

**Kiran Mazumdar-Shaw**

Executive Chairperson,  
Biocon Biologics

July 17, 2023



**I look forward to  
a successful FY24 as  
we continue to drive our  
future growth, create  
long-term value for all  
our shareholders, and  
make a lasting impact  
on global healthcare.**





# CEO & MD's Message

**Shreehas Tambe**  
CEO & Managing Director



# Building the Organization of the Future

Dear Shareholders,

The fiscal year FY23 saw the COVID-19 pandemic subside, however healthcare systems and supply chain networks across the world continued to be strained. The sharp rise in non-communicable diseases (NCDs) and the associated increase in healthcare costs remains a key challenge. Biosimilars can help address this health challenge by improving patient outcomes through affordable access to lifesaving biologic treatments and drive significant savings.

Against this backdrop, we have a responsibility and an excellent opportunity to make a meaningful difference to healthcare and patient lives. The acquisition of Viatrix' global biosimilars business transforms Biocon Biologics into a unique, fully integrated, leading global biosimilars enterprise and is an important step towards realizing this ambition.

As we embark on this exciting transformational journey to 'build the organization of the future', our focus remains on three top priorities - Strengthening the Core, Accelerating Growth and Investing in the Future.

## Evolving Market Landscape

With over 55 'blockbuster' biologics expected to lose exclusivity by 2032 translating to USD 270+ billion in cumulative peak sales, the opportunity for biosimilars is very large. We are seeing a growing acceptance of biosimilars by all key stakeholders translating to a significant increase in adoption globally with even late adopters like the U.S. now recording more than 80% uptake in some therapy areas.

Regulatory guidelines are evolving to favor biosimilars and reduce both the time and cost of development. E.g., the U.S. FDA has waived the need for a Phase 3 trial for approving interchangeable insulins and recently deemed a biosimilar ophthalmology product interchangeable without an additional clinical study. Cost competitiveness is becoming increasingly important to succeed in several tender markets including the EU as in Emerging Markets.

As a unique, fully integrated player with a proven track record of success and a comprehensive portfolio, Biocon Biologics is well positioned to capitalize on this opportunity.



**As we embark on this exciting transformational journey to 'build the organization of the future', our focus remains on three top priorities - Strengthening the Core, Accelerating Growth and Investing in the Future.**



**As a unique, fully integrated player with a proven track record of success and a comprehensive portfolio, Biocon Biologics is well positioned to capitalize on this opportunity.**



## Strengthening the Core

In FY23, Biocon Biologics delivered stellar growth with revenues increasing over 60% year-on-year to ₹55,838 million (USD 681 million). This is a significant step-up on account of the consolidation of Viatris' revenues post the acquisition, over 35 new launches and strong growth in the underlying core business which allowed us to serve 5.7 million patients around the globe.

All our commercial products in the U.S., bPegfilgrastim, bTrastuzumab and bGlargine, crossed the 10% market share threshold with our interchangeable bGlargine being a key growth driver on the back of strong national formulary positions. In Europe, we continue to see a strong uptake with our bAdalimumab and bTrastuzumab capturing double digit shares in several key markets. On the Emerging Markets front, we had several key tender wins and expanded our reach through new product launches. Our existing business continues to demonstrate strong growth.

In keeping with our commitment to profitable and sustainable growth, revenue performance has translated to an improvement in quality of earnings. Core EBITDA, which is EBITDA adjusted for licensing, forex, market-to-market loss on investments and R&D expenses, has grown almost 70% vs. FY22 to ₹22,160 million (USD 270 million). Our Core EBITDA Margins were above our guidance of mid-30s, a testament to the strong operational performance of the business and healthy profitability post the acquisition.

## Accelerating Growth

Our recent acquisition of Viatris' global biosimilars business is an inflection point not only in our journey as a Company but also in the Indian pharma industry as it is the largest outbound deal in the sector. The acquisition brings complementary capabilities including a direct presence and related infrastructure in several key markets including the U.S. and Europe. In doing so, it accelerates growth and brings us closer to patients and customers.

Since the closure of the transaction in November 2022, we have focused on ensuring business continuity while preparing for a seamless integration of people, systems and processes. We have also designed a bespoke commercial strategy by country based on the market archetype and 'what it takes to win' to realize the full market potential.

We have put in place a robust integration plan as we look to transition the business in a phased manner by geography. The first wave of over 70 Emerging Market countries have successfully transitioned to us on July 1, 2023. To ensure we are ready to take over the business, we have built a strong, global and diverse leadership team with significant in-market expertise.



**Our recent acquisition of Viatris' global biosimilars business is an inflection point not only in our journey as a Company but also in the Indian pharma industry as it is the largest outbound deal in the sector.**



**We have put in place a robust integration plan as we look to transition the business in a phased manner by geography.**

## Investing in the Future

As an innovation-led Company, we continue to invest in our product pipeline with R&D spends of ₹8,890 million (USD 108 million) in FY23, almost three times higher than last year. Given our expanding revenue base, we are well positioned to continue these investments and build an industry leading portfolio to drive future growth.

FY23 saw our pipeline progress with bUstekinumab and bDenosumab advancing in the clinic and bPertuzumab entering Phase 1 trials. Our bAflibercept asset is the 'first-to-file' biosimilar and under U.S. FDA review. Collectively, these products unlock a USD 30+ billion global market opportunity in the medium term.

We have also seen our investments to expand mAbs manufacturing capacity fructify with our new Drug Substance facility in Bengaluru receiving GMP Certification from EMA and ANVISA, Brazil and approval in 20 Emerging Markets. This unlocks additional capacity to meet the needs of our patients. On the insulins front, EMA renewed the GMP Certification of our Malaysia facility including the additional installed capacity. Our capacity expansion plans for Drug Substance and Drug Product filling to meet with increased demand for our products globally are progressing as planned.

As the scale, reach and complexity of our business increases, we are reimagining operations to improve performance, reliability and sustainability. To bolster our investments in in-house capacity, we are also setting up an agile, distributed global supply network by leveraging external manufacturing sites. This allows us to expand capacity in a short time with an 'asset light' model, de-risk dependencies on single sites and bring our products closer to patients and customers. We have also designed a comprehensive transformation roadmap to ensure we are 'future ready' and set up for success. Key elements of this plan are an investment in technology and the adoption of digital tools to increase efficiency, enable more agile decision-making and ensure we stay 'ahead of the curve.'

## ESG – Integral to the Business

As a socially responsible organization, we have always been driven by a humanitarian cause, a vision of affordable healthcare and a commitment to expand access to all sections of society.

At Biocon Biologics, we have taken a broader view to go beyond financial metrics and serve patients, customers, shareholders and the communities in which we operate through our philosophy of Unconditional Equity. This is based on five key pillars: Patient Equity, People Equity, Environmental Equity, Stakeholder Equity and Social Equity.



**As the scale, reach and complexity of our business increases, we are reimagining operations to improve performance, reliability and sustainability.**



**We have taken a broader view to go beyond financial metrics and serve patients, customers, shareholders and the communities in which we operate through our philosophy of Unconditional Equity.**

We have set up an ESG and CSR Board Committee and an ESG Steering Committee with key members of our leadership team to help drive this strategy and oversee the execution of these initiatives. Programs include increasing access to our products in low- and middle-income countries (LMICs), reducing carbon emissions, recycling water, adopting best-in-class governance practices and increasing diversity in the workplace.

This Integrated Annual Report, designed in line with global guidelines, is an important step towards realizing our ESG goals. In FY23 we also pledged to support the Ten Principles of the United Nations Global Compact, the world's largest corporate sustainability initiative.

### The Way Ahead

Through the acquisition of Viatrix' global biosimilars business and strong growth in all business segments, we ended FY23 on a strong footing with a USD 1 billion revenue trajectory. The consolidation of the acquired Viatrix business, key near-term launches in the U.S., our expanding breadth and depth across regions and advancing product pipeline will build on this strong foundation and serve as key growth drivers in FY24 and beyond.

These are exciting times, full of possibilities and a tremendous opportunity for growth as we 'build the organization of the future'. We remain committed to unlocking value for all our stakeholders – patients, customers, employees and shareholders.

Yours sincerely,

Sd/-

**Shreehas Tambe**

CEO & Managing Director,

Biocon Biologics

July 17, 2023



**We remain committed to unlocking value for all our stakeholders – patients, customers, employees and shareholders.**





## Q&A with the CFO

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



# Finances in Perspective

## Q1. What is the rationale for Viatris' biosimilars business acquisition?

A: Viatris has been a longstanding, strategic partner for Biocon Biologics. We have developed complementary capabilities in R&D, manufacturing, and commercialization. As a part of this transaction, we have acquired the biosimilars related commercial infrastructure along with regulatory and supply chain capabilities, thereby creating a fully integrated biosimilars enterprise with lab-to-market experience and a proven track record. We have acquired Viatris' rights to Biocon Biologics' partnered programs and an additional molecule, bAflibercept, which has first-to-file status with the U.S. FDA. Accordingly, we have started realizing the full revenue and associated profits from these programs. This is a step up from our existing arrangement of realizing a fraction of the economics.

Acquisition of Viatris' biosimilar business accelerates the buildout of our commercial capabilities in Advanced Markets. Vertical integration will drive operational efficiencies and business agility, thereby underpinning cost competitiveness.



**Acquisition of Viatris' biosimilars business accelerates the buildout of our commercial capabilities in Advanced Markets. Vertical integration will drive operational efficiencies and business agility, thereby underpinning cost competitiveness.**

## Q2. Discuss the considerations paid as a part of this acquisition.

A: We have paid an upfront cash consideration of USD 2 billion and issued Compulsory Convertible Preference Shares (CCPS) of Biocon Biologics to Viatris equivalent to a fully diluted equity stake of at least ~14% with a cap to the total number of shares being issued. There is additional deferred consideration of USD 335 million payable in FY25, of which USD 175 million is linked to bAflibercept. On the other hand, Biocon Biologics is eligible to receive up to USD 250 million as working capital adjustment clawback, linked to the valuation of CCPS issued to Viatris at the time of Biocon Biologics' IPO.

The total consideration has been fair valued on our books at about USD 3.14 billion with working capital of about USD 0.05 billion, intangibles of about USD 1.13 billion and goodwill of about USD 1.96 billion. The intangibles will be amortized over its useful life of 8-15 years.

### Q3. How have you funded the acquisition of Viatris' biosimilars business?

A: The upfront cash considerations have been funded through USD 1.2 billion of acquisition debt and USD 0.8 billion of equity infusion in Biocon Biologics. The equity investment resulted in an increase in stake of Biocon Limited and addition of a new shareholder to Biocon Biologics namely, Serum Institute Life Sciences.

The acquisition debt of USD 1.2 billion is a Sustainability Linked Loan (SLL) having ESG Key Performance Indicators (KPIs) related to (i) Improving biosimilars access; (ii) Enhancing diversity and inclusion in the workforce; (iii) Reduction of carbon emission; and (iv) Reduction in freshwater consumption. This debt will be supported by a larger EBITDA base and future equity infusions in Biocon Biologics. The debt has an average tenor of 4 years with payment commencing in FY25.

### Q4. FY23 was a transformational year for Biocon Biologics, led by the acquisition of Viatris' biosimilar business. Discuss the proforma financials with the acquired business, forming the new base for Biocon Biologics.

A: Our erstwhile Viatris collaboration was a cost-share and profit-share model wherein we participated in about one-third of the economics from Advanced Markets where Viatris had exclusive commercial rights. In Emerging Markets, with co-exclusive rights, we had 50:50 profit share. Prior to the acquisition, we were recording Biocon Biologics' share of revenues and associated profits from the acquired commercial assets. Post completion of the deal in November 2022, we have started recording the full revenues and costs from the acquired business. In addition, we continue to recognize revenues from our Emerging Markets business comprising B2B and Branded Formulations India (BFI) business.

Q4 FY23 was the first quarter where we consolidated the full revenues of the base and acquired business, forming the new base for Biocon Biologics. The annualized revenue run rate was about USD 1 billion. The revenue contribution from Advanced Markets was around 70%, increasing from about 40% prior to the deal. As a consolidated business, we continue to make healthy profitability with our Core EBITDA margins at 39% for Q4 FY23.

### Q5. What are the key revenue growth drivers for Biocon Biologics in FY24 and beyond?

A: The consolidated revenues reported in Q4 FY23 included contribution from three products from the U.S. and eight products ex-U.S. In the short term, there is potential to launch three additional products in the U.S. Our bAdalimumab, launched in the U.S. on July 1, 2023, is one of the



**The Sustainability Linked Loan has ESG KPIs related to improving biosimilars access; enhancing diversity and inclusion in the workforce; reduction of carbon emissions; and reduction in freshwater consumption.**



**The revenue contribution from Advanced Markets increased to ~70% from ~40% prior to the deal. As a consolidated business, profitability continues to be healthy with our Core EBITDA margins at 39% for Q4 FY23.**

most closely followed biosimilar launches considering the multi-billion dollar originator market size. We are also awaiting site approvals for our bBevacizumab in India and bAspart in Malaysia from the U.S. FDA. In addition, the commercial products in the U.S. continue to witness a gradual uptick in market share. In other markets including Europe, we expect continued growth from our commercial products as we win new tenders, launch our products in new countries and improve market share in relevant retail segments. On the back of our robust R&D platform, we have developed a strong product pipeline, enabling additions to our product portfolio frequently. These will be important growth drivers beyond FY24. There are three late-stage assets on path to regulatory approval i.e., bAflibercept, bUstekinumab and bDenosumab. Moreover, we have several pre-clinical assets supporting sustainable long-term growth.



**There are three late-stage assets on path to regulatory approval i.e., bAflibercept, bUstekinumab, and bDenosumab. Moreover, we have several pre-clinical assets supporting sustainable long-term growth.**

**Q6. Biocon Biologics has been committed to industry-leading R&D spends. How will this impact your profitability?**

A: Biosimilars have higher R&D requirement versus some of the other small molecule products resulting in differentiated market dynamics. We consider R&D as an investment for future growth of the business. The investments made in the past have allowed us to build an industry leading biosimilars franchise.

Higher R&D investment facilitates the development of a larger product portfolio, maximizing the monetization of the biosimilars opportunity. That said, we have taken a balanced approach in our capital allocation towards R&D to ensure continued healthy profitability, driving shareholder value. The acquisition of Viatrix' biosimilars business has expanded our revenue base allowing us to increase our R&D investments while lowering R&D as percentage of revenue.



**On the insulins front, there is an ongoing expansion of our Malaysia facility considering the continued increase in demand for our insulins.**

**Q7. How is your capacity placed to meet global demands? Elaborate on your CapEx plans.**

A: We have made significant investments in building up our manufacturing capacities over the last decade. These investments have been made bearing in mind the long-term potential of the biosimilars market and our capabilities. We have one of the largest mAbs drug substance capacities in India. On the insulins front, there is an ongoing expansion of our Malaysia facility considering the continued increase in demand for our insulins. These investments should suffice the requirements of our existing portfolio.



## Meet the Board

Sitting from left:

• **Shreehas Tambe** • **Kiran Mazumdar-Shaw** • **Dr. Arun Chandavarkar**

Standing from left:

• **Bobby Parikh** • **Russell Walls** • **Nivruti Rai**

• **Prof. Peter Piot** • **Daniel Bradbury** • **Dr. Thomas Roberts** • **Rajiv Malik**



## Introduction to the Board

Biocon Biologics' Board of Directors provides effective leadership by engaging, enabling and encouraging the management to deliver on the Company's vision, mission and values. The diverse and multidisciplinary group of knowledgeable and experienced professionals possess the relevant skills, expertise and competence to guide the Company through business-as-usual scenarios as well as in extraordinary times. Our directors serve as a source of advice and counsel in ensuring the highest levels of corporate governance through risk control and regulatory compliance. They also act as mentors for the management in value creation and value enhancement, whilst upholding our firm commitment to ethics and values.

## Key Expertise and Attributes of the Board

The Board has identified the following skills, expertise, and competencies fundamental to the effective functioning of the Company, which are taken into consideration by the Nomination & Remuneration Committee (NRC) while recommending the appointment of any candidate to the Board. For details on the skill matrix of the Board, which have been mapped to them, please refer to the Corporate Governance Report.

## Key Expertise of the Board

Board of Directors - Biocon Biologics							
	Research and Innovation	General Management & Leadership	Finance & Risk Management	Compliance and Governance	Global Healthcare	Technology and Digital Perspective	Scientific Knowledge
Kiran Mazumdar-Shaw	●	●	●	●	●	●	●
Shreehas Tambe	●	●	●	●	●	●	●
Dr. Arun Chandavarkar	●	●	●	●	●	●	●
Bobby Parikh		●	●	●			
Daniel Bradbury	●	●	●	●	●		●
Russell Walls		●	●	●	●		
Prof. Peter Piot	●	●		●	●		●
Dr. Thomas Roberts	●		●	●	●		●
Nivruti Rai		●	●	●		●	
Rajiv Malik	●	●	●	●	●	●	●



## Kiran Mazumdar-Shaw

### Executive Chairperson

Chairperson of the Board of Directors since inception  
Nationality: India

### Professional Experience

- First-generation entrepreneur
- Founded Biocon in 1978
- 45+ years of experience in Biotechnology
- Executive Chairperson, Biocon
- Non-Executive Chairperson, Syngene

### Mandates

- Non-Executive Director, Narayana Health
- Former Lead Independent Director, Infosys
- Global Alumni Ambassador for Australia
- Business Ambassador for State of Victoria, Australia

### Memberships

- Member, National Academy of Engineering (NAE), U.S.
- Member, The Advisory Board of The France-India Foundation
- Member, MIT Corporation, U.S.

- Member, Board of Trustees, Memorial Sloan Kettering Cancer Center, U.S.
- Member, Board of Trustees, Keck Graduate Institute, U.S.

### Recognitions

- Padma Bhushan (2005)
- Padma Shri (1989)
- Order of Australia (2020)
- Knight of the National Order of the French Legion of Honour (2016)
- EY World Entrepreneur of the Year (2020)
- EY Entrepreneur of the Year, India (2019)
- AWSM Award for Excellence (2017)
- Othmer Gold Medal (2014)
- Kiel Institute's Global Economy Prize for Business (2014)
- ICMR's Lifetime Achievement Award (2019)
- H.K. Firodia Lifetime Achievement Award (2022)
- 'Legacies 60' - Endpoints News' list honoring 60 biopharma global pioneers

### Philanthropy

- Signatory, The Giving Pledge
- The Mazumdar-Shaw Advanced Research Centre and The Mazumdar-Shaw Chair of Molecular Pathology, University of Glasgow, UK
- Lead Founding Patron, Science Gallery, India
- R.I. Mazumdar Young Investigator Endowment Fund, Indian Institute of Science (IISc), Bengaluru, India
- Mazumdar-Shaw International

Oncology Fellows Program, The Koch Institute for Integrative Cancer Research at MIT, U.S.

- Mazumdar-Shaw International Clinical Fellowship Fund and Kidney Cancer Fellowship Fund, Memorial Sloan Kettering Cancer Center, U.S.
- Mazumdar-Shaw Laboratory for Frontier Biology, Jawaharlal Nehru Centre for Advanced Scientific Research (JNCASR), India
- Mazumdar-Shaw Research Chair, Centre for Human Genetics, India

### Education

- B.Sc. (Zoology Hons.), Bangalore University
- Post-Graduate Diploma, Malting and Brewing, Ballarat Institute of Advanced Education, Melbourne, Australia
- Honorary doctorates from several prestigious global universities, including:
  - University of Ballarat, Australia
  - Heriot-Watt University, UK
  - University of Glasgow, UK
  - Trinity College Dublin, Ireland
  - National University of Ireland (NUI)
  - University of Abertay, Dundee, UK
  - Deakin University, Victoria, Australia
  - Presidency University, Kolkata, India





**Shreehas Tambe**  
**Chief Executive Officer and  
 Managing Director**

Member of the Board of  
 Directors since 2022  
 Nationality: India

**Professional Experience**

- Over 25 years of biopharmaceutical experience
- Expertise across all aspects of the business including R&D, Operations, Capital Projects and General Management
- Played an integral role in building Biocon's Biologics business
- Joined Biocon in 1997 as a Management Trainee and has held diverse leadership roles including:
  - Deputy CEO, Biocon Biologics
  - Chief Operating Officer, Biocon Biologics

- Global Head of Insulins Business Unit & Group Capital Projects, Biocon Limited

**Recognitions**

- Distinguished Alumnus Award by his alma mater, the prestigious ICT, Mumbai

**Education**

- Masters' degree in Bioprocess Technology from ICT, Mumbai
- Bachelor's degree in Pharmaceutical Sciences & Technology, University of Pune



**Dr. Arun  
 Chandavarkar**

**Non-Executive and  
 Non-Independent Director**

Member of the Board of Directors  
 since 2016  
 Nationality: India

**Professional Experience**

- Managing Director of Biocon Biologics Limited from January 2021 to December 2022
- CEO and Joint Managing Director of Biocon Limited from April 2014 to November 2019
- Chief Operating Officer of Biocon Limited from April 2006 to April 2014
- Served as a part of the core team that led Biocon's growth and strategy focused on improving access to high quality, affordable biopharmaceuticals and specialty medicines in chronic therapies since 1990
- Under his leadership, Biocon has made significant investments in cutting-edge R&D and efficient, compliant operations that translated into

a unique and differentiated product portfolio straddling fermentation-derived complex generics, biosimilars and novel biologics, all aimed at a worldwide patient population

- Served as Chairperson of the National Committee on Biotechnology of the Confederation of Indian Industry (CII) for the year 2016-17

**Education**

- B. Tech in Chemical Engineering from the Indian Institute of Technology, Bombay
- Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology, Cambridge, U.S.





## Daniel Bradbury

### Independent Director

Member of the Board of Directors since 2019

Nationality: U.S.

### Professional Experience

- Executive Chairman, former CEO and Co-Founder of Equillum Inc., a company developing products to treat severe autoimmune and inflammatory disorders
- Managing Member, BioBrit LLC
- Member, Board of Trustees, Keck Graduate Institute, U.S.
- Director, Intercept Pharmaceuticals and several private companies and philanthropic organizations
- Board Chairman, Castle Biosciences Inc & Bioling
- Member, Advisory Council, Rady School of Management, San Diego, U.S.
- Life sciences executive with over 38 years of experience in creating and implementing strategies and transforming

businesses

- Former CEO, Amylin Pharmaceuticals, a leading metabolic disease company, acquired by Bristol Myers Squibb in 2012

### Recognitions

- Recipient of Director of the Year Award from Corporate Directors Forum (2012)
- EY's Entrepreneur of the Year Finalist (2012)

### Education

- International Executive Program, INSEAD, France
- Diploma in Management Studies, Harrow and Ealing Colleges of Higher Education, UK
- Bachelor of Pharmacy, Nottingham University, UK



## Bobby Parikh

### Independent Director

Chairperson, Audit Committee & Risk Management Committee

Member of the Board of Directors since 2019

Nationality: India

### Professional Experience

- Founder, Bobby Parikh Associates
- Co-founder, BMR Advisors
- Has been a member of several trade and business associations
- Member of the advisory or executive boards of private as well as listed Indian companies, including Biocon Limited
- CEO, EY in India
- Country Managing Partner, Arthur Andersen
- Works closely with regulators and policy formulators

- Over 30 years of experience in advising private equity investors, banking groups, investment banks, brokerage houses, fund managers and other financial services intermediaries

### Education

- Chartered Accountant, Institute of Chartered Accountants of India
- B.Com, University of Mumbai



**Prof. Peter Piot**  
**Independent Director**

Chairperson, CSR and ESG Committee

Member of the Board of Directors since 2021

Nationality: Belgium and UK

**Professional Experience**

- Director, London School of Hygiene & Tropical Medicine (2010-2021) and Handa Professor of Global Health
- Founding Executive Director, UNAIDS
- Under Secretary-General, United Nations (1995-2008)
- Part of the team that isolated the Ebola virus in Zaire in 1976
- Visiting Professor, National University of Singapore
- Led pioneering research on HIV/AIDS, women’s health and infectious diseases, mostly in Africa
- Helped bring AIDS to the forefront of the world’s agenda, and ensured access to lifesaving antiretroviral medicines
- Long experience in leading both a large inter-governmental organization and

- academic institutions
- Senior advisor to governments, foundations and corporations
- Authored over 600 scientific publications and 16 books

**Recognitions**

- World Health Organization Lifetime Achievement Award (2023)
- Canada Gairdner Global Health Award (2015)
- Robert Koch Gold Medal (2015)
- Time Person of the Year as one of “The Ebola Fighters” (2014)
- Prince Mahidol Award for Public Health (2014)
- Hideyo Noguchi Africa Prize for Medical Research (2013)
- Frank A. Calderone Prize in Public Health (2003)

**Education**

- M.D., University of Ghent, Belgium
- PhD. (Microbiology), University of Antwerp, Belgium
- Diploma of Tropical Medicine, Institute of Tropical Medicine, Antwerp
- Clinical Virology, Postgraduate Medical School, Manchester, UK
- Biostatistics and Epidemiology, Epidemic Intelligence Service, Centers for Disease Control, Atlanta, U.S.
- Advanced Training in Biomedical Research Management, Harvard University, U.S.
- Senior Fellow in Infectious Diseases, University of Washington, U.S.



**Russell Walls**  
**Independent Director**

Member of the Board of Directors since 2016

Nationality: UK

**Professional Experience**

- 50+ years of experience in the field of finance
- Director of several companies in pharmaceuticals, textiles, transport and leisure sectors
- Ex-Treasurer and Trustee, British Red Cross

**Education**

- Fellow Member of the Association of Chartered Certified Accountants, UK
- B.Sc. (Pure Science), University of Glasgow, UK
- Diploma in Management Studies, University of Glasgow



**Rajiv Malik**  
**Non-Executive,**  
**Non-Independent Director**  
**and Nominee of Mylan Inc.**  
**(Viatris)**

Member of Board of Directors  
since 2022

Nationality: U.S.

**Professional Experience**

- Over 36 years of experience in the pharmaceutical industry
- President and Director of Viatris Inc
- Served as President and Director of Mylan where he led the company's global commercial, scientific, operational and business development activities
- Played a key role in integrating Mylan and Upjohn, formerly a division of Pfizer, to form Viatris
- He has previously served as,  
- Chief Executive Officer of Matrix Laboratories Limited (now Mylan Laboratories Limited)

- Head of Global Development and Registrations for Sandoz GmbH

- Head of Global Regulatory Affairs and Head of Pharma Research for Ranbaxy

**Education**

- Master's degree in pharmaceutical technology from Panjab University, India



**Nivruti Rai**  
**Independent Director**

Chairperson, Nomination and Remuneration Committee

Member of Board of Directors since 2019

Nationality: U.S.

**Professional Experience**

- Managing Director and CEO, Invest India
- Former Country Head, Intel India
- Vice President, Intel Foundry Services
- Served as Vice President, Platform Engineering Group, Intel Corp., leading teams across U.S., Costa Rica, Israel, Malaysia and India
- Global leader with 25+ years of technical and business leadership experience in U.S. and India
- Worked in varied roles across engineering & research, innovation and organizational management

**Education**

- Global Board of Director Certification Program, Harvard Business School, U.S.
- Executive MBA, Stanford Business School, U.S.
- Master's (Industrial Engineering), Oregon State University, U.S.
- M.Sc. (Applied Mathematics), University of Lucknow, India
- B.Sc. (Statistics), University of Lucknow, India



**Dr. Thomas Roberts**  
**Non-Executive and**  
**Non-Independent Director**

Member of the Board of Directors since 2021  
 Nationality: U.S.

**Professional Experience**

- Head & Neck Oncologist, Massachusetts General Hospital (MGH)
- Associate Director of Quality and Safety, MGH Cancer Center
- Instructor of Medicine, Harvard Medical School
- Oncology Fellow at Dana-Farber Cancer Institute / Massachusetts General Hospital
- Internal Medicine / Primary Care Resident at Massachusetts General Hospital

**Recognitions**

- American Society of Clinical Oncology Merit Award
- Member of Gold Humanism Honor Society
- University of Virginia’s Raven Society

**Education & Training**

- M.D., Medicine Stanford University School of Medicine
- M.B.A., Business Administration, Stanford Graduate School of Business
- B.A. with High Distinction, University of Virginia 2009



# Our Executive Leadership Team



**Shreehas Tambe**  
CEO & Managing Director



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



**Matthew Erick**  
Chief Commercial Officer –  
Advanced Markets



**Susheel Umesh**  
Chief Commercial Officer –  
Emerging Markets



**Dr. Sandeep Athalye**  
Chief Development Officer



**Naveen Narayanan**  
Global Head – Human Resources



**Paul Vazhayil Thomas**  
Global Head – Portfolio and  
Program Management



**Ganesh Reddy**  
Global Head – Manufacturing



**Kiran Kumar**  
Site Head – Biocon  
Malaysia





**Michael Cutter**  
Global Head – Quality



**Dr. Anuj Goel**  
Global Head – R&D - CMC



**Seema Ahuja**  
Global Head – Corporate  
Brand & Head of  
Communications – EMs



**Stephanie Wasco**  
Head of Communications –  
Advanced Markets



**Stephen J. Fecho, Jr.**  
Global Head – Supply Chain  
Management



**Akhilesh Nand**  
General Counsel – Emerging  
Markets



**Stephen Manzano**  
General Counsel – Advanced  
Markets



**Mandar Ghatnekar**  
Global Head – IT & Digital  
Transformation





# Business Overview

In the period under review, the global economy witnessed its steepest slowdown since 1970. Slowing growth put further strains on national healthcare budgets that were already stretched in the aftermath of the coronavirus pandemic. Biocon Biologics, with its export-led business profile, performed well amid the economic challenges of both recession and inflation. The growth came from increased global demand for biosimilars, which can deliver affordable treatments at scale, contain healthcare costs, expand access to care, and ensure better treatment outcomes.

## Overview of the Transformative Acquisition

When Biocon embarked on its biosimilar journey, it was an uncharted territory for biosimilars development, and the evolving regulatory landscape and significant financial outlay for R&D and manufacturing infrastructure

posed significant risks for the Company. Biocon entered into a global strategic partnership with Mylan (now Viatris) for biosimilar monoclonal antibodies (mAbs) in 2009, which subsequently expanded to insulin analogs in

2013. This partnership leveraged the complementary strengths of each organization, enabled substantial investments in building capabilities, and also allowed us to de-risk our journey in an uncharted territory.

The early success of our first wave of biosimilars gave us the confidence and experience to move on to the next stage of our value creation journey. In February 2022, Biocon Biologics entered into a definitive agreement to acquire its partner Viatrix' global biosimilars business. At over USD 3 billion, this acquisition is the largest outbound deal in the Indian pharmaceutical sector. This acquisition created a fully integrated, leading enterprise with end-to-end capabilities across the biosimilars value chain from "lab-to-market."

It brings in complementary capabilities, especially around commercialization, regulatory and in-market supply chain in the Advanced Markets and several Emerging Markets, taking us closer to our stakeholders in these markets.

This acquisition builds on our decade-long partnership and enables us to realize our vision of addressing global health inequities. By combining the complementary capabilities of two long-term partners, this acquisition leverages

'The Power of One' with an aim to reduce healthcare inequities and transform healthcare, worldwide. As a single organization driven by a common purpose, we will be able to enhance the quality of experience of customers, partners and patients, maximize the value of what we have built together, and deliver long-term value to our stakeholders.

With closure of the deal, Biocon Biologics has full ownership of its collaboration assets, bTrastuzumab, bPegfilgrastim, bBevacizumab, bGlargine, bAspart, bPertuzumab and bGlargine 300U, as well as Viatrix' rights for the in-licensed immunology products of bAdalimumab and bEtanercept.

We have also acquired Viatrix' rights for bAflibercept, which is used to treat several ophthalmology conditions.

Post closing, BBL now captures the combined revenue and associated profits from the acquired products. The step-up from the prior profit-sharing arrangement strengthens our financials and provides us

with the financial scale to support continued investments in our next wave of products.

Having completed the acquisition, Biocon Biologics is now on the path towards building a fully integrated, more global organization. To manage the post-deal transition and integrate a more multilocational, diverse talent pool, the Company is working on a comprehensive transition plan under which integration of business operations will happen in a phased manner to ensure business continuity and uninterrupted service to customers and patients.



Leveraging  
**THE POWER OF ONE**

Enabling Affordable Access to  
Lifesaving Biosimilars, Worldwide

Putting  
**THE FOCUS FIRMLY ON PATIENTS**

## Advanced Markets

Biocon Biologics’ Advanced Markets business demonstrated a strong year-on-year performance underpinned by increasing penetration of our biosimilars portfolio. Through our partnership with Viatris, we have been able to access key Advanced Markets with multiple products across therapy areas. The acquisition gives us the opportunity to take the Biocon Biologics brand to Advanced Markets with a direct presence in key markets such as U.S., Canada, France and Germany.

### North America

The high price of insulins has been a highly debated topic in the U.S. for years. Increased competition from the launch of biosimilars such as Biocon Biologics’ bGlargine, coupled with pressure from patients’ advocates and politicians, have led to a reduction in costs of this lifesaving therapy. A few of the other insulin manufacturers have recently slashed the list price of some versions of their insulins by 70% and capped out-of-pocket expenses for this therapy.

In 2020, our bGlargine was made available in vial and pen presentations at a 65% discounted list price, the lowest available for a long-acting insulin glargine in the U.S. market. To make it more accessible, BBL obtained “interchangeable” designation from the U.S. in 2022. Acting FDA Commissioner Janet Woodcock, M.D., had called it a “...momentous day for people who rely daily on insulin for treatment



of diabetes...”. Express Scripts and Prime Therapeutics, leading U.S. pharmacy benefit management organizations that together serve more than 60 million lives in the U.S., have listed our bGlargine as a preferred brand on their national formularies. Prescription shares for our interchangeable bGlargine witnessed an upward trend in FY23.

Our biosimilars are also making cancer care affordable for patients. Fulphila’s (bPegfilgrastim) market share improved to low double-digits by the end of FY23 from high-single digit at the beginning of the year. Ogivri (bTrastuzumab) maintained its low double-digit market share.

In July 2023, Biocon Biologics also launched Hulio (bAdalimumab-fkjp) injection, a biosimilar to Humira\*, in the U.S. after five years of successful experience in Europe and two years in Canada. Hulio is a patient-friendly, 2-click, prefilled pen available for patients with certain inflammatory diseases.

\* Registered brand of AbbVie Inc.

Our robust portfolio of products, along with our continued focus on key therapy areas, position us for future success in the U.S. To unlock new growth opportunities, we will expand our market access capabilities by building on our strong relationships with key stakeholders. We will also leverage our expertise in pharmacy benefit and medical benefit archetypes to enhance patient outcomes while improving cost-efficiency. Through our patient assistance programs, we will provide maximum support to patients and deliver on our commitment to improving patient outcomes.

In Canada, which is a key market, Biocon Biologics has launched several biosimilars. Ogivri continues to be the leading bTrastuzumab brand in Canada with over 35% market share. Hulio (bAdalimumab) achieved a market share of 6%. We also launched Semglee (bGlargine) and Kirsty (bAspart) in Canada in FY23.

## Europe

We are making a difference to patients in over 30 countries in Europe through our biosimilars. Hulio (bAdalimumab) delivered significant growth in key markets such as Germany and France where it garnered double-digit shares. Ogivri (bTrastuzumab) reported double-digit market share in France and Italy. Fulphila’s (bPegfilgrastim) market share has also experienced an uptick.

Given the strong acceptance of biosimilars in Europe, Biocon Biologics is pursuing growth opportunities in the region.

## Japan, Australia and New Zealand

Japan represents an important market for BBL as we seek to expand our global footprint. This year, we entered into a strategic out-licensing agreement with Yoshindo for commercializing two of our pipeline assets, bUstekinumab and bDenosumab, in Japan.

In Australia, we have expanded our portfolio of cancer biosimilars with the launch of Abevmy (bBevacizumab) in FY23. Ogivri is the leading bTrastuzumab brand in Australia with 20% market share.

## Future Plans

To ensure smooth integration of the acquired Viatrix biosimilars business and achieve commercial success in the Advanced Markets where we expect to expand our presence and improve penetration on account of the acquisition, Biocon Biologics



has made several key leadership appointments this year. Stephen J. Fecho, Jr. was appointed Global Head of Supply Chain Management. Stephen is leading the end-to-end supply chain function, including the transition and integration of front-end supply chain capabilities. We have appointed Stephen Manzano as General Counsel for Advanced Markets. He is leading Legal Compliance functions in the Advanced Markets as well as Global M&A and IP. Stephanie Wasco joined as Head of Communications – Advanced Markets. She is leading all communications, including corporate and marketing communications, in these markets. We have also onboarded key talent in our Advanced Markets for Market Access and Pricing, U.S. Policy and Advocacy, Human Resources, Finance and Clinical Development. We are having productive discussions with key customers in the U.S. in preparation for the

upcoming integration of the Viatrix biosimilars business and the launch of new products in the market. In Europe, we are evaluating expansion in key countries as we transition the Viatrix business. We are also exploring additional growth initiatives in other key clusters to expand reach where Viatrix was not participating.

With the closing of the Viatrix deal, Biocon Biologics is optimally positioned to expand our presence and improve penetration in these markets as a fully integrated biosimilars enterprise.

Our customer relationships, exemplified by the collaborations for our U.S. oncology and diabetes franchises, will pave the way for stronger growth.



## Policy Shaping

In FY23, we worked with relevant stakeholders to understand, educate, and shape public policies that ultimately benefit patients.

We provided inputs to shape industry comments directed at the Centers for Medicare & Medicaid Services (CMS) and other agencies in the U.S. in support of policy reforms aimed at affordability for patients,

expanding access to biosimilars in federal and state healthcare programs, including Medicare Part D program.

We initiated introductions with leading U.S. patient advocacy organizations towards fostering trusted partnerships in the therapeutic areas of diabetes, cancer, and autoimmune diseases.

Biocon Biologics joined as a Full Board Member of the Association of Accessible Medicines (AAM), including its division, Biosimilars Council, to engage with industry leadership to shape a favorable biosimilars policy at the U.S. federal and state levels.

## Emerging Markets

Biocon Biologics has been offering its biosimilars for diabetes and cancer to patients in Emerging Markets through its B2B business and Viatris’ Emerging Markets business. With the closure of the acquisition of Viatris’ global biosimilars business, we have increased our combined geographic footprint to ~80 countries. To drive future growth, we are designing a bespoke country-specific strategy and business model that will enable us to take our biosimilars to the maximum number of patients. We plan to follow a self-led commercial model in core countries, where we aim to add field force, enabling us to get closer to patients and customers. In the rest of the markets, we will pursue a partner- or distribution-led commercial model.

In FY23, we witnessed a strong uptake of our biosimilar insulins as well as bTrastuzumab and bBevacizumab. BBL’s insulins continued to hold a double-digit market share in several countries like Malaysia, Mexico and Morocco. Our oncology portfolio led by bTrastuzumab saw accelerated growth in Indonesia, Malaysia and Brazil.

Biocon Biologics also added bAspart to its portfolio of biosimilars sold in Emerging Markets. This year, we made regulatory filings for our biosimilars in 65 Emerging Market countries and received approvals in 29 countries. As we look ahead,

we will be integrating the acquired business in a phased manner with over 70 Emerging Markets having transitioned to Biocon Biologics from July 1, 2023.

### Branded Formulations in India (BFI)

Our Branded Formulations India (BFI) business has a large field force network focusing on specialty brands in critical therapies and offering world-class quality therapeutics to millions of patients in India. These include biologics (including biosimilars and novel molecules), in-licensed products, and branded generics for acute and chronic conditions. The business focuses on therapeutic areas such as metabolics, oncology, nephrology, and immunotherapies. We reached

2.1 million patients in India in FY23. Our top 5 brands, Basalog (bGlargine), Insugen (rh-Insulin), CANMAb (bTrastuzumab), BIOMAb EGFR (Nimotuzumab) and KRABEVA (bBevacizumab), were key drivers of total BFI sales.

The BFI business ran patient assistance programs such as UMEED for diabetes management and ACE for cancer care, and empowered healthcare professionals through training and certification programs on diabetes such as ABIDE.



## R&D Pipeline

Biocon Biologics’ commitment to R&D is a key factor for our success, and these investments will create a strong portfolio to secure future growth.

Three of our pipeline assets, bDenosumab, bUstekinumab and bPertuzumab, progressed in global clinical trials. Both the Denosumab

and Ustekinumab biosimilar programs completed recruitment for their global Phase 1 and Phase 3 clinical trials, while Pertuzumab entered Phase 1 trials for global markets.

An interchangeability study has been initiated for biosimilar bAdalimumab, which will allow us

to maximize the commercial value of Hulio in the U.S.

Biosimilar Aflibercept has been filed for approval in EU. We have a ‘first-to-file’ status in the U.S. for the Biologics License Application (BLA), which is currently being reviewed by the FDA.

## 12 Assets in the Pipeline

Therapy Area	Oncology	Immunology	Diabetes	Eye Health	Bone Health	Others
Late Stage <sup>1</sup>	bDenosumab bPertuzumab	bUstekinumab		bAflibercept	bDenosumab	
Early Stage <sup>2</sup>	2 undisclosed assets	3 undisclosed assets	bGlargine U300			2 undisclosed assets

<sup>1</sup> Clinical to BLA Review | <sup>2</sup> Pre-Clinical

## Financial Performance

In FY23, Biocon Biologics recorded revenues of ₹55,838 million (USD 681 million\*), a year-on-year growth of 61%. Core EBITDA stood at ₹22,160 million (USD 270 million), which is up 68% year-on-year, and Core EBITDA margin improved to 41% versus 39% in FY22. We continue to invest significantly in our pipeline to drive future growth with three products under clinical development. R&D investments for the year increased by 187% year-on-year to ₹8,890 million (USD 108 million), representing 16% of BBL revenues. EBITDA for

the year stood at ₹13,381 million (USD 163 million), a year-on-year growth of 32%. Profit Before Tax and exceptional items was at ₹4,030 million (USD 49 million), which factors in acquisition-related depreciation amortization and interest costs amounting to ₹3,934 million.

### Outlook

We ended FY23 on a USD 1 billion revenue trajectory, forming a strong base for FY24. Our performance in the current financial year will be further boosted as we integrate

Viatrix’ global biosimilars business. FY24 will be a pivotal year for Biocon Biologics given the presence of clear growth catalysts, including the launch of bAdalimumab in the U.S., potential approval of bBevacizumab and bAspart in the U.S. and growth of our existing global business. Our fully integrated business model, backed by a strong product portfolio, set us up well for long-term success.







# Environment, Social & Governance



# ESG Strategy

## Embedding ESG into Business Strategy

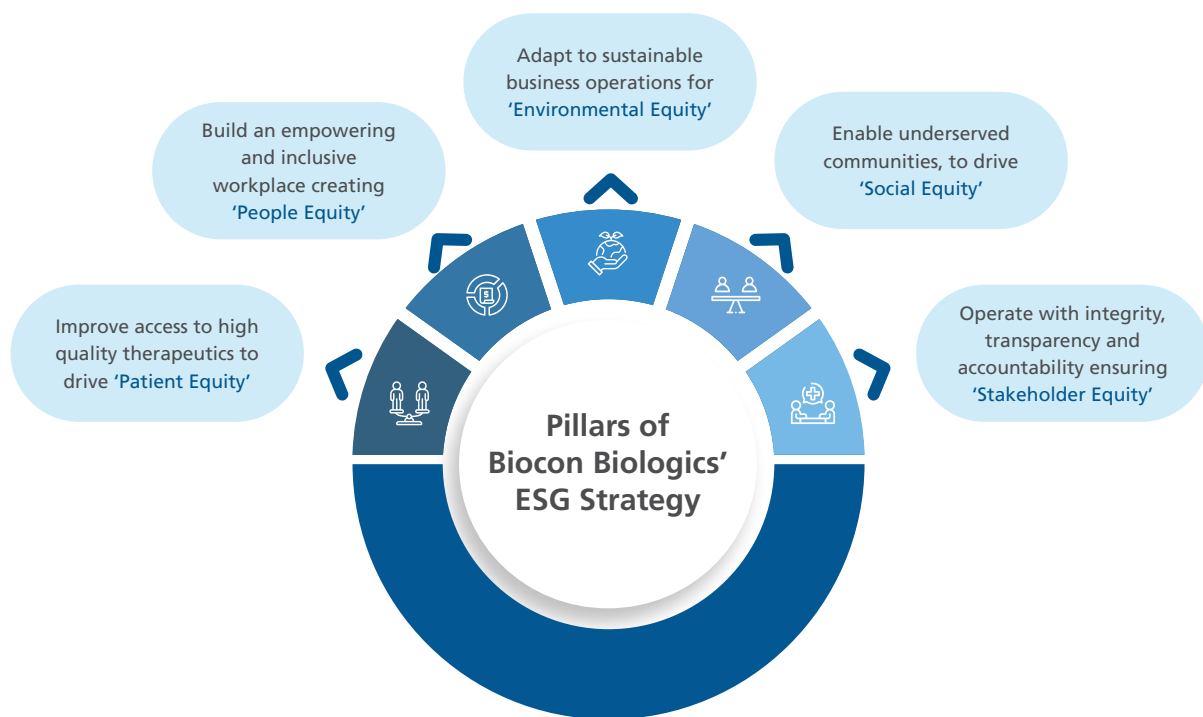
**We, at Biocon Biologics, have integrated Environment, Social and Governance (ESG) practices into our overall business strategy and operations.**

There is a growing expectation from all stakeholders that organizations should find ways to integrate ESG into their regular operations. In response to this, we have created a strong ESG strategy that is based on enabling long-term

growth and value creation, while having a positive influence on the environment and the communities in which we operate.

We have adopted best practices across Biocon Biologics to

demonstrate conscious corporate citizenship. Our ESG strategy is integrated into our business model, and we strive to achieve a balance between our financial performance and our social and environmental impact.



## Our Approach to Materiality

At Biocon Biologics, we believe that materiality is key to driving meaningful change, creating long-term value and improving our ESG performance. To determine

material ESG considerations, we engage with stakeholders and conduct a materiality assessment that takes into account factors most likely to impact our business and

its stakeholders, and that can lead to identification of ESG risk and opportunities.

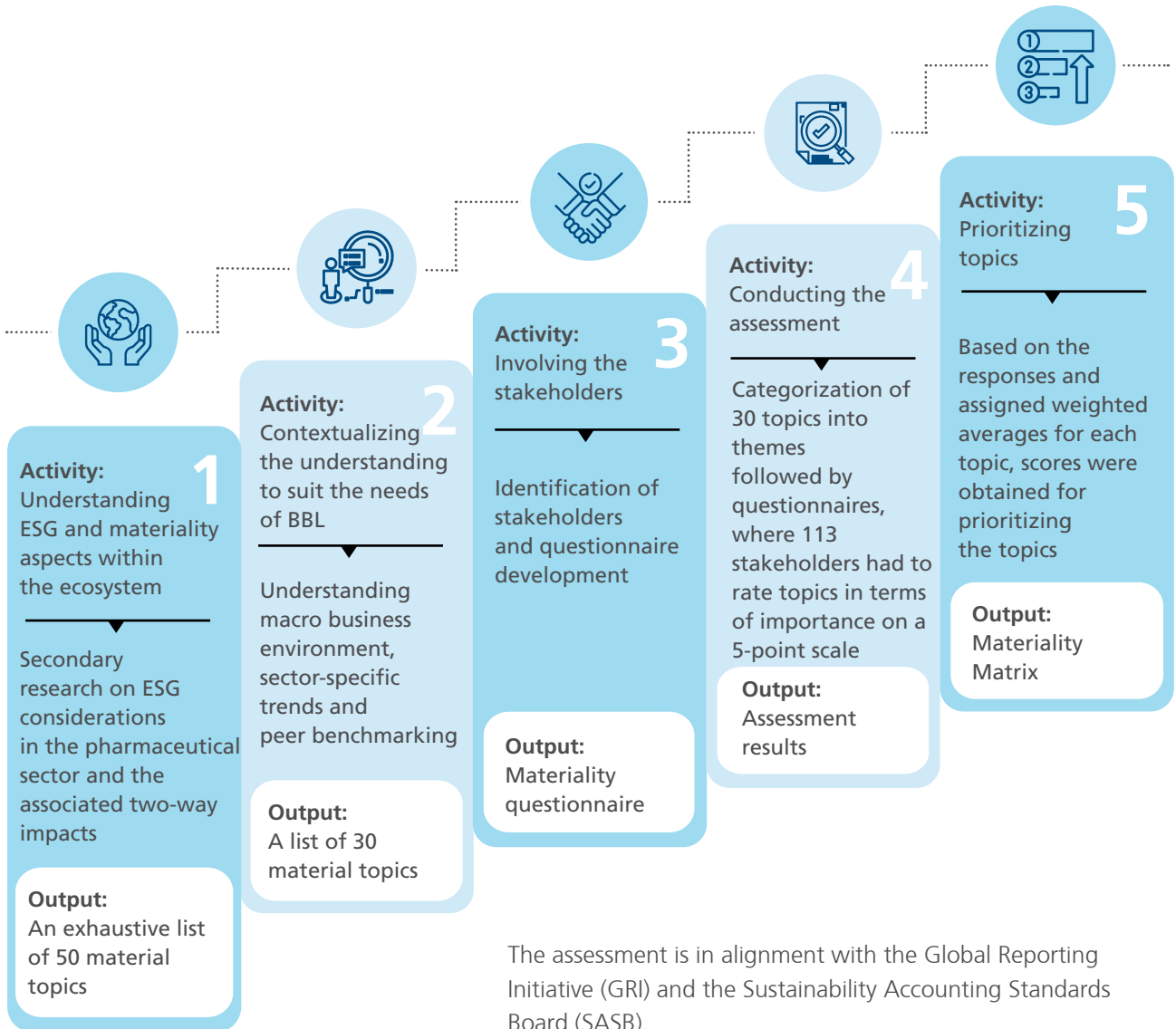
The materiality assessment was conducted in FY22 for Biocon Limited and Biocon Biologics Limited.

An extensive study was done to identify the expectations and

concerns of our external stakeholders as part of our materiality assessment. The stakeholders included suppliers and vendors, investors, analysts, business partners, media, journalists, bankers, and healthcare experts.

The insights gained from the materiality assessment added to our understanding of stakeholder views, expectations and priorities, and furthered our efforts to unlock true potential across our organization.

## Stakeholder Engagement and Materiality Assessment



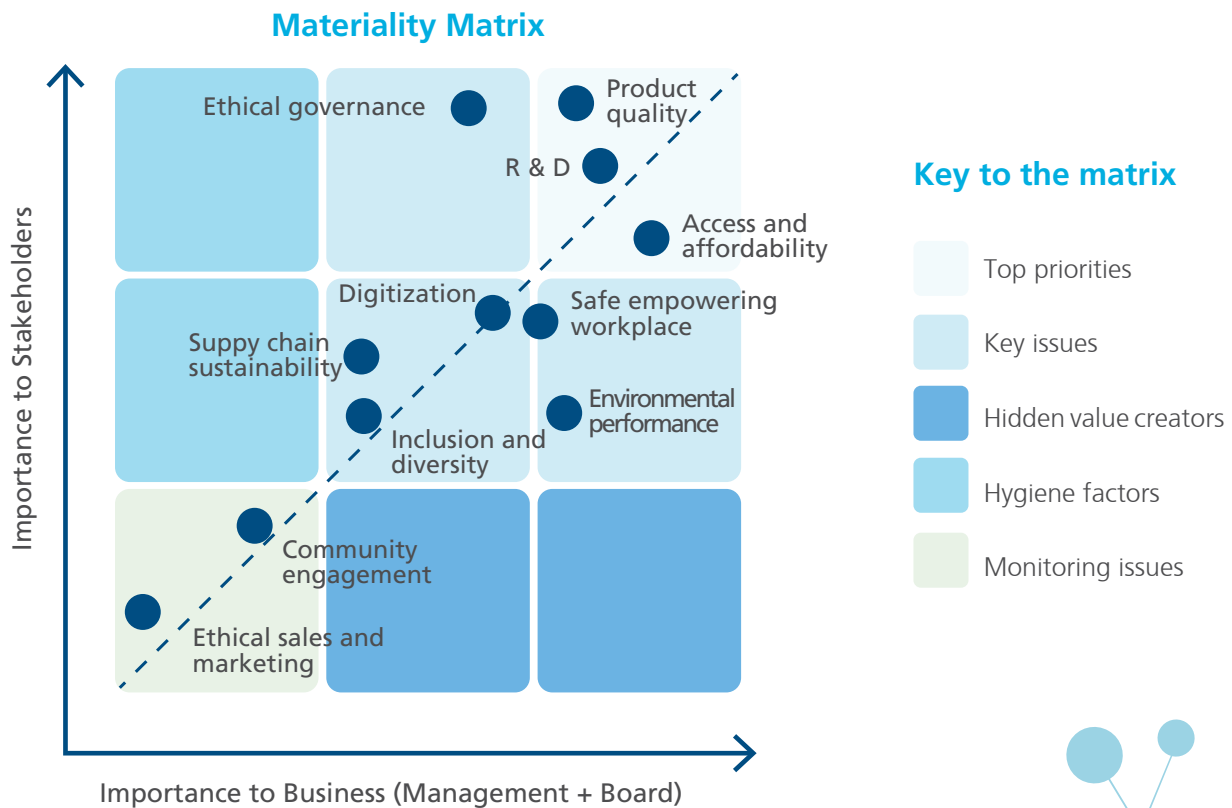
## Our Priority Areas

After the assessment, we derived a list of 11 material topics. These are of key concern to both Biocon Limited and Biocon Biologics Limited and are connected to our Enterprise Risk Management (ERM) framework, which enables us to effectively treat them as risks and opportunities. This also helps in efficiently allocating

resources to either manage risks or realize opportunities. The topics are also relevant to risk and opportunity mapping for the organization.

Our material issues, priority areas and metrics are signed off by the Board of Directors and the CSR and ESG Committee. In the light of the

Viatrix acquisition, we expect to see a change in the identified material issues in future assessments. Integrating the results into our risk management and business strategy would be essential to get the best out of this transformational acquisition.



### Understanding the Needs of and Impact on External Stakeholders

As a global biopharmaceuticals company that focuses on affordable access to high-quality biosimilars, our linkage with our external stakeholders is spread over 100

countries. It is our endeavor to ensure that we encapsulate the perspectives of our external stakeholders equally.



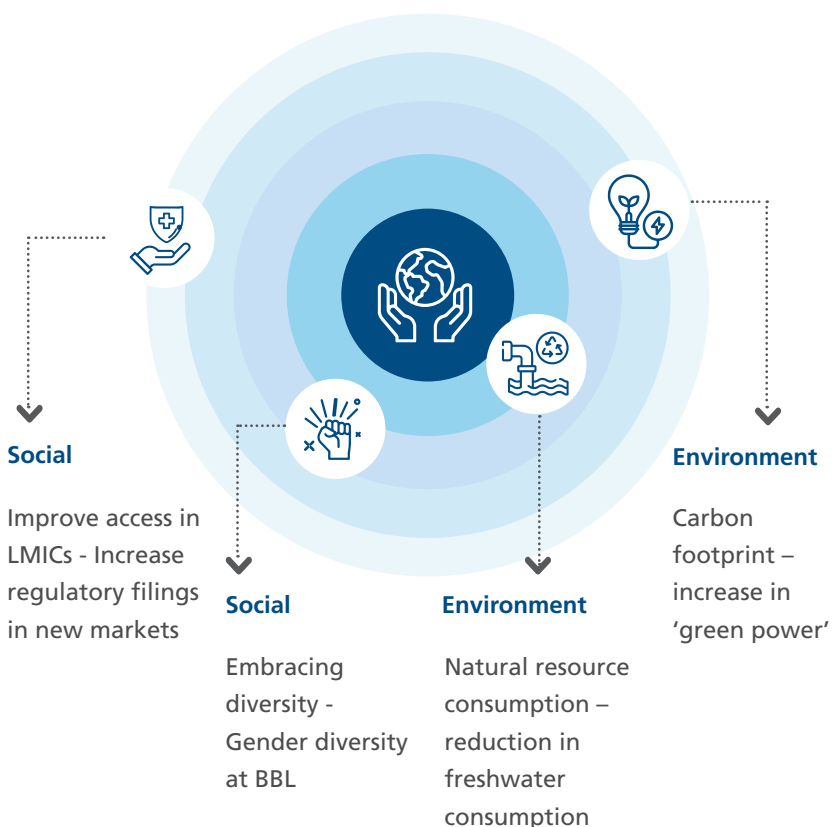


## ESG Targets and Objectives

As an organization that has proactively taken steps to integrate ESG considerations into its business strategy, setting specific targets and objectives has always been a priority for us. They help us stay aligned with our overarching ESG strategy and meet stakeholder expectations. Our processes ensure that KPIs at each departmental level are aligned with the company's ESG targets. This means that every individual must play his or her part in realizing BBL's ESG strategy and goals.

Our ESG objectives and annual KPIs across various functions allowed us to draw the acquisition debt for Viatrix' biosimilars acquisition as Sustainability Linked Loan. There are annual targets across each of the KPIs during the term of the loan.

### ESG Target for USD 1.2 billion Sustainability Linked Loan

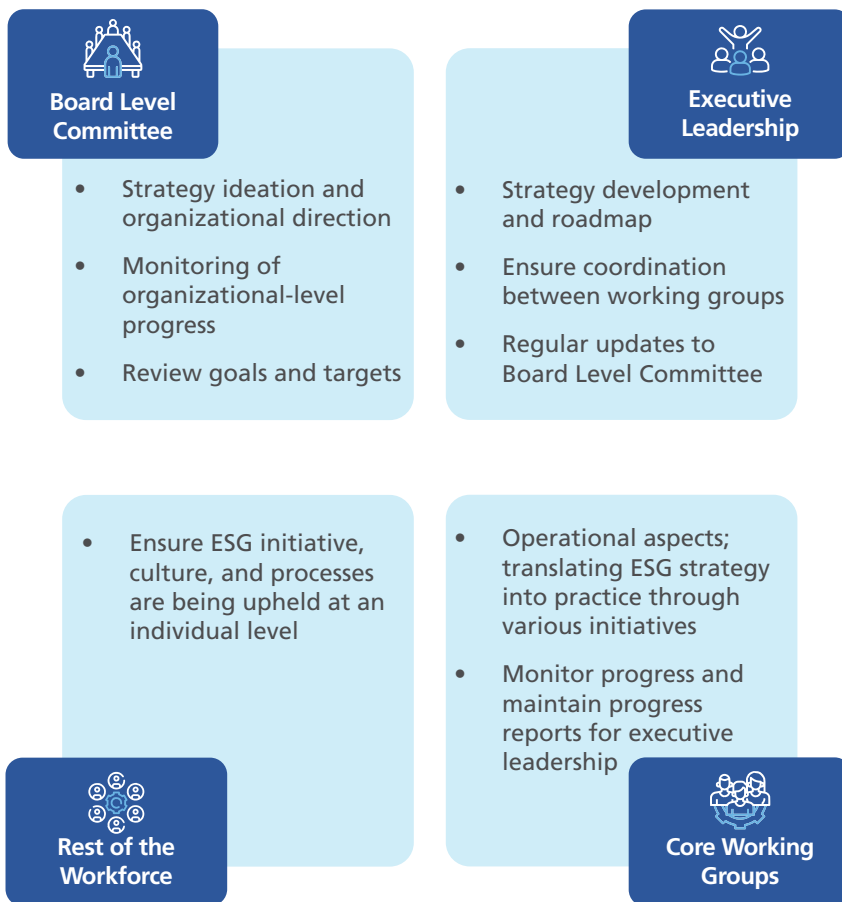


## Systems Supporting our ESG Strategy

Our ESG strategy is deeply intertwined with our business, and we are aware that we need to put adequate systems in place to translate these considerations into actions. Across all entities, we have established high standards of governance to build an environment of trust, transparency and accountability. We have also adopted a top-down approach for ESG integration with key direction

and overview coming from our Board of Directors through the Corporate Social Responsibility and Environment, Social, and Governance Committee. The primary objective of this Committee is to oversee, direct and monitor our ESG strategy and initiatives, as well as to provide guidance on additional initiatives to embed integrated thinking in Biocon’s culture and operations.

## ESG Governance Structure



## Recognition for our ESG Initiatives

Biocon Biologics, along with its parent Biocon, improved its ESG score to 52 from 45 in the 2022 S&P Global Corporate Sustainability Assessment, released in October 2022.

Biocon (including Biocon Biologics) has been included in the S&P Global Sustainability Yearbook 2023, which ranks the world’s leading companies based on their sustainable business practices. The Group was categorized as an ‘industry mover’, making it the only company from the global biotech industry in the category.

Biocon Group was awarded the Golden Peacock Sustainability Award 2022 in the ‘Pharmaceutical’ sector for its robust strategy and performance related to sustainability.

Biocon (including Biocon Biologics) received the silver medal from EcoVadis for sustainability accomplishments. An overall score of 66 put Biocon in the 89th percentile in 2022 Assessment.

More details of our ESG-related systems, processes, targets, performance, and key initiatives are outlined throughout the course of this report.

# Value Creation Model

**Biocon Biologics Limited has adopted the Integrated Reporting <IR> Framework to provide a more comprehensive view of its performance, capabilities and the sustainable value it creates for stakeholders.**

The framework is based on six capitals, which form the input to operate a business and generate outcome for its stakeholders, including shareholders, customers, partners, suppliers, employees, the environment and society at large.

- **Financial Capital:**

A company's available financial resources, including revenue, partnerships, and investments, as well as financial risks and obligations.

- **Manufacturing Capital:**

Physical assets such as manufacturing sites, laboratories, and distribution networks.

- **Intellectual Capital:**

Information and expertise developed by a company, including intellectual property developed through R&D.

- **Human Capital:**

Employees' skills, expertise, and experience critical to a company's development.

- **Natural Capital:**

Natural resources used in operations and the environmental impact, including raw materials, energy usage, emissions, waste, and water.

- **Social and Relationship**

**Capital:** Relationships with customers, suppliers, NGOs,

and regulators, which are important for creating value beyond business.

We have aligned our value creation strategy with the Company's overarching purpose of ushering in transformational change to global healthcare through our affordable, high quality biosimilars. Our strategy of developing core and differentiated R&D and manufacturing capabilities, coupled with our commercial network, have made us a frontrunner in the biosimilars industry.





## Our Core Capabilities

- **Cutting-edge scientific and technological capabilities:**

Biocon Biologics has built strong in-house R&D capabilities across the entire biosimilars development continuum spanning clone generation, process and analytical, pre-clinical and clinical development, as well as Regulatory Affairs and Intellectual Property (IP) management. We have expertise in an array of technology platforms that include both microbial and mammalian systems. We have developed a proprietary technology for manufacturing insulins. Our cutting-edge scientific and technological capabilities have helped us achieve several “firsts” in the global biosimilars industry.

- **Global-scale biologics manufacturing capacities:**

Biocon Biologics has built large scale manufacturing facilities with strong quality control systems and processes. These facilities have manufacturing capabilities across drug substance, drug product and devices. In India, which has earned a reputation as the ‘Pharmacy of the World’, we are the only company exclusively focused on developing biosimilars for global markets

and have commercialized four products in the U.S., demonstrating our globally recognized quality standards. We are a leading global player in insulins and have one of the largest antibody manufacturing capacities in South Asia.

- **Worldwide commercial footprint:**

We have built a hybrid commercial model with self-commercialization capabilities in select Emerging Markets (e.g. India) coupled with a network of partners and distributors to commercialize our products in over 100 markets globally. The acquisition of Viatrix’ global biosimilars business has strengthened our presence in the Advanced Markets and several Emerging Markets.

- **Robust portfolio of affordable biosimilars:**

We have one of the deepest and broadest portfolios of biosimilars in the industry, spanning across insulin, monoclonal antibodies, and recombinant proteins. We have eight biosimilars commercialized in global markets for Diabetes, Oncology, and Immunology. We have a pipeline of 12 assets at various stages of development which will expand our product offerings to other

therapeutic areas such as Bone Health and Ophthalmology.

## Key Outcomes

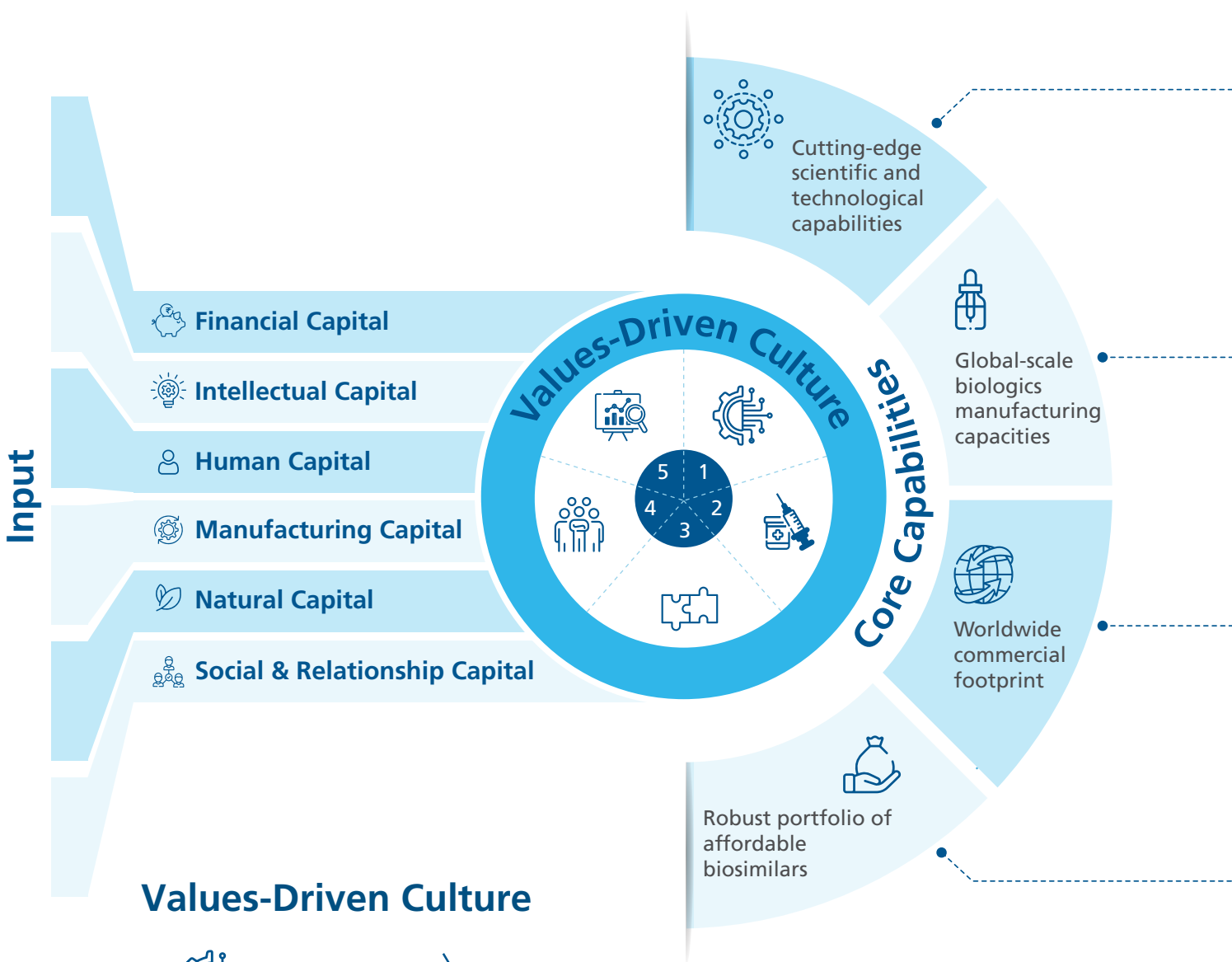
We are driving Patient Equity by improving access to high-quality, affordable biologics worldwide, especially in LMICs. We are ensuring Stakeholder Equity by operating with integrity, transparency, and accountability while creating value for investors and other relevant stakeholders. Our sustainable business practices are promoting Environmental Equity. We are delivering resilient solutions that enable better access to healthcare, education, and sustainable livelihoods, thus ensuring Social Equity. We aim to attain People Equity by creating a diverse and inclusive workplace that provides equal opportunities to everybody to advance their careers based on merit.

From preserving the environment to reducing our carbon footprint and promoting the well-being of the communities, employees and other stakeholders, our business practices are contributing to the larger goal of enabling the world to meet its targets under the United Nations Sustainable Development Goals.



# Value Creation Model

Innovation-led, socially responsible and eco-conscious



## Values-Driven Culture



1 Innovation & differentiation



2 Quality through compliance & best practices



3 Integrity and ethical behaviour



4 Collaboration, teamwork and mutual respect



5 Performance-driven culture



## Differentiators

- Expertise across multiple platforms and a differentiated portfolio, including insulins, mAbs and fusion proteins.
- Achieved many 'firsts' in the industry - first to receive bTrastuzumab, bPegfilgrastim and interchangeable bGlargine approvals in U.S.

- Fully integrated, end-to-end manufacturing capabilities across drug substance, drug product and devices.
- 85+ cGMP approvals obtained from international regulatory agencies.
- Among the Top 15\* companies globally in terms of biomanufacturing capacity.

*\*19th Annual Report of BioPlan Associates*

- Commercialized products in 100+ countries across Advanced Markets such as U.S., EU, Japan and several Emerging Markets.
- Commercial model includes a combination of direct presence, as well as strategic partnerships and distributors.

- Comprehensive, industry leading portfolio of 20 biosimilars.
- Portfolio covers therapeutic areas such as diabetes, cancer, autoimmune diseases, ophthalmic conditions and bone health.

## Outcomes (FY23)



Improve access to high-quality biotherapeutics to drive **Patient Equity**

**-5.7 million: Patients served**



Build an empowering and inclusive workplace creating **People Equity**

**24%: Women in workforce**



Operate with integrity, transparency and accountability ensuring **Stakeholder Equity**

**₹ 55,838 million: Revenue from operations**



Adapting sustainable business practices to promote **Environmental Equity**

**79%\*: 'Green Power' from renewable sources**

*\*BBL Bengaluru - India*



Enable underserved communities for **Social Equity**

**₹ 50 million: CSR spending\***

*\*Cash spend*

## Impact on UN Sustainable Development Goals





## Leveraging Six Capitals for Value Creation



# Financial Capital

**Financial capital is a medium of exchange that realizes its value through conversion into other forms of capital. Robust financial capital management is crucial to maximizing the impact generated by a biopharma company, given the upfront investment in research and development and manufacturing.**

At Biocon Biologics, we prioritize revenue generation, cost control and profitability to enable value creation and a steady cash flow.

Attracting equity and debt investors improves the ability to execute on rapid business expansion, adapt to evolving market dynamics and foray into adjacencies, which are critical to developing a sustainable business model. We have been able to partner with investors to multiply the value creation opportunity ahead of us.

We have also been able to continuously deploy capital towards portfolio expansion through R&D, increasing our manufacturing scale, widening our commercial reach and accelerate our growth prospects through inorganic opportunities. FY23 witnessed an increase in R&D investment, continued CapEx investments and a transformational acquisition.

The fast-paced growth of our business requires us to manage large assets across multiple jurisdictions and demands strong financial governance. We have a robust financial management system in place that enables us to track our spending and evaluate the impact of our financial decisions

effectively. We have designed a system to have checks and balances backed by a culture of transparency and high ethical value system.

By continuously improving financial performance, we are committed to driving profitable growth and create long-term value for

all our stakeholders. Over the years, this has also enabled us to attract investments from marquee investors like True North, Tata Capital, Goldman Sachs and ADQ. In FY23, we added Serum Institute Life Sciences and Viartis to our list of shareholders.

## Highlights FY23

**₹55,838  
mn**  
Revenue from  
operations

**61%**  
Revenue  
growth

**₹13,381  
mn**  
EBITDA

**32%**  
EBITDA growth

**16%**  
Net R&D  
investments,  
as % of  
revenue

**41%**  
Core EBITDA  
margin

**₹6,805  
mn**  
CapEx spends

**₹401,648  
mn**  
Total assets

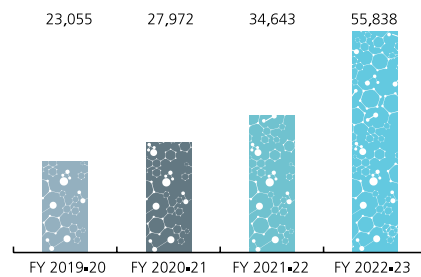


## Financial Performance

### Revenue

Increased sales over the last year has been driven by the growing global demand for our biosimilars along with a significant contribution from consolidation of the acquired Viatrix' biosimilars business. Our growth strategies are aligned with our commitment to expand our customer base and market shares in existing markets along with entering new markets through new launches. This in turn, allows us to increase our patient reach and generate significant savings for healthcare systems. With the growing opportunity size of the biosimilars segment, our stakeholders, including patients, customers, partners, shareholders, and employees will benefit through cohesive scale-up of our business and strong financial capital returns.

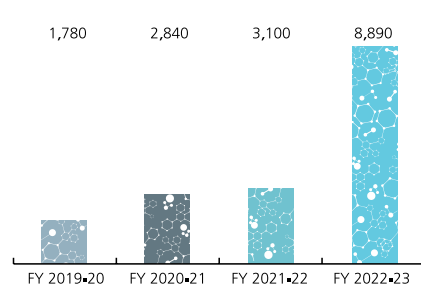
Revenue (₹ Million)



### Research and Development Investments

We invested ₹8,890 million in FY23 on research and development, which is nearly three times that of the previous year and represents 16% of our revenues for the year, one of the highest in the country within the pharma sector. Continued investment on R&D is crucial to expand and progress our portfolio of biosimilars, a key driver of long-term growth. The acquisition of Viatrix' biosimilar business has expanded our revenue base allowing us to increase our R&D investments while lowering R&D as percentage of revenue. The expansion of our portfolio is key to realizing our mission and vision.

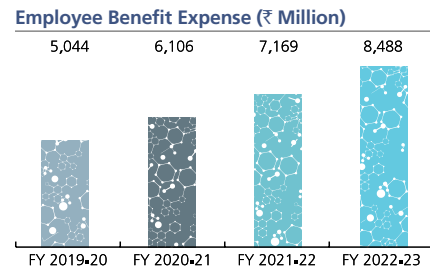
R&D Expense (₹ Million)



## Employee Benefit Expense

Investing in the development of our employees and their benefits is a priority at Biocon Biologics Limited. During FY23, we had 5,660+ employees, an increase of 11% over the previous year's strength. Expenditures towards enhancing and rewarding our employees significantly contributes to the overall development of the organization beyond just the short term and creates considerable value.

By offering employees a range of benefits such as health insurance, retirement plans, and paid time off, the Company is creating a more engaged and satisfied workforce. In addition, our Restricted Stock Units (RSUs) program, aimed at rewarding employees for their contribution and instilling a sense of ownership, covers more than 65% of our employees who have completed a year in the organization. This is one of the broadest plans in the industry in terms of employee coverage and we believe will lead to increased productivity and incentivize high performance.

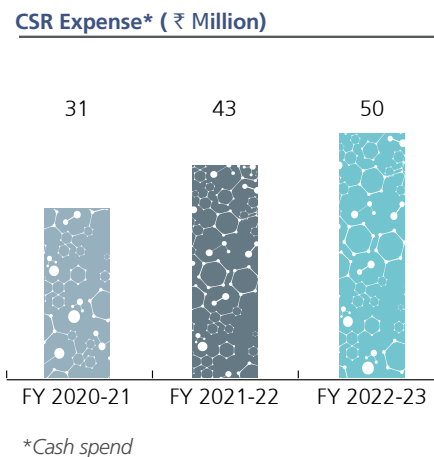


## CSR Contributions

Through our CSR efforts, we strive to develop and sustain healthy and empowered communities by promoting social and economic inclusion and improving overall quality of life.

According to the Companies Act, 2013, we are required to spend at least 2% of Biocon Biologics' average net profit (India standalone) of the three preceding financial years, on the CSR activities. We are proud to go beyond this statutory requirement, considering it is our responsibility to create value for the communities we operate in. We spent ₹50 million on CSR in FY23.

To know more about our CSR initiatives, please refer to the chapter, Social and Relationship Capital in this report.



## Profitability

In FY23, there was a 32% increase in EBITDA compared to the previous financial year, primarily driven by higher revenues. Despite significant increase in R&D investments, the business has maintained healthy profitability demonstrating robust return of financial capital.

## Capital Expenditure

At Biocon Biologics, CapEx is a critical aspect of our expansion strategy to increase our patient reach and maximize value creation from our business. One of the prime examples of this is our ongoing investments in capacity augmentation of our insulins facility in Malaysia. Over the last few years, we have made significant investments in expanding our mAbs capacity, preparing us to cater to the long-term biosimilars market.

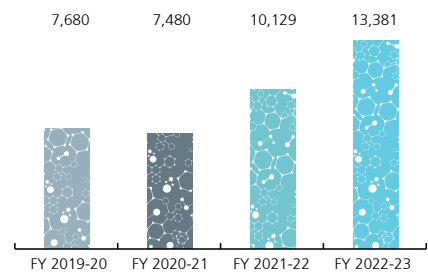
## Debt

During FY23, our total debt stood at ₹128,739 million. The increase over the previous year was mainly on account of the acquisition of Viatrix' biosimilars business. The strong potential from the creation of a vertically integrated biosimilars business allowed us to raise the debt to fund the acquisition, limiting dilution of our shareholders prior to the acquisition. We have balanced the debt levels by funding the transaction through equity or equity convertible instruments issued to Viatrix and other investors.

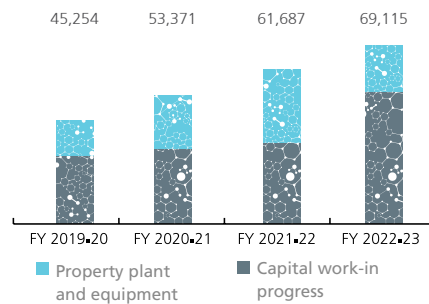
## Cash Flows

The increase in revenues and EBITDA of Biocon Biologics has resulted in continued improvement in cash flows, one of the important determinants of our business model's success. Healthy cash generation from the business allows us to provide returns to our shareholders and invest in the future to create a sustainable growth engine.

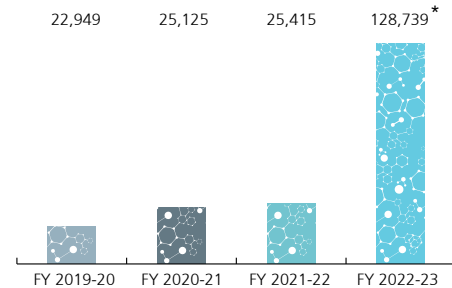
EBITDA (₹ Million)



Property Plant and Equipment (Gross Block) (₹ Million)

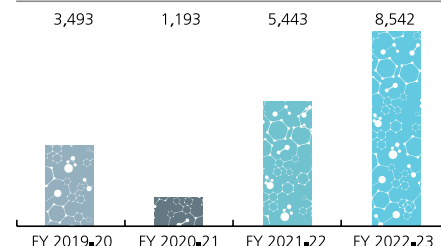


Total Debt (₹ Million)



\*Excluding Goldman Sachs Optionally Convertible Debentures

Cash Flow from Operating Activities (₹ Million)



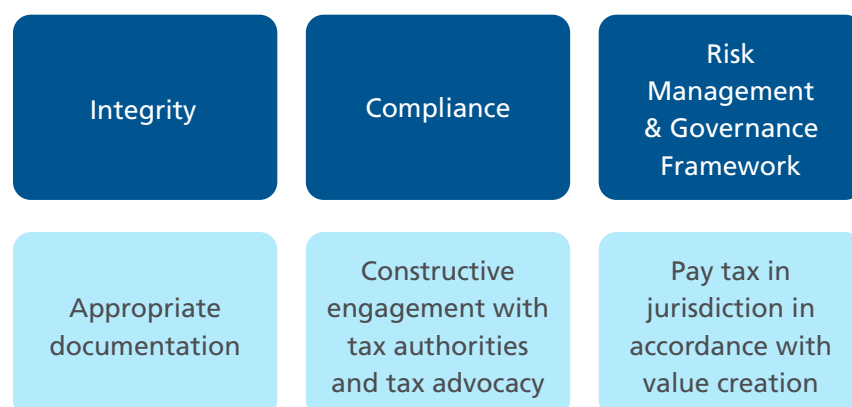


## Tax Strategy

Our group-wide tax commitments, as a part of the tax policy, drives the provisioning, payments and reporting related to tax matters at Biocon Biologics.

Biocon Biologics complies with the statutory obligations and tax laws in the countries where it operates. This includes all matters relating to filing, reporting, payment and audit obligations for all taxes. Accordingly, all necessary compliances are undertaken in a timely manner within applicable due dates.

## Our Strategy



These statutory compliances are tracked through a compliance tracking system, which has an inbuilt early warning mechanism. Furthermore, system-generated reports are made available and monitored at regular intervals.

Responsibility for tax governance rests with the tax function, in consultation with the Chief Financial Officer (CFO). While the Audit Committee provides oversight and guidance around tax governance, the Risk Management Committee provides oversight and guidance on effective tax risk management. Accordingly, this Tax Policy is approved by the Audit Committee and the Board of Directors, and is implemented by the tax team, under the guidance of the CFO, within the overall control and governance framework of the Group.

## FY23 Key Financial Numbers

Particulars	FY20	FY21	FY22	FY23
Revenue Growth	22%	21%	24%	61%
Core EBITDA margin	40%	37%	39%	41%
R&D as % of sales	8%	10%	9%	16%
EBITDA margin	33%	27%	29%	24%
Effective tax rate	24%	21%	19%	4%
Debtors' turnover	6.55	6.14	4.74	3.47
Current ratio <sup>1</sup>	1.03	1.31	1.74	1.34
Debt equity ratio <sup>2</sup>	0.91	1.15	1.08	0.80

<sup>1</sup>Current liabilities exclude Non-Convertible Redeemable Preference Shares ("NCRPS") and Optionally Convertible Redeemable Preference Shares ("OCRPS") issued to Biocon Limited

<sup>2</sup>Equity includes NCRPS and OCRPS issued to Biocon Limited

# Manufacturing Capital

Biocon Biologics has built on its expertise in fermentation and recombinant DNA technology, refined it and brought it to a global scale for manufacturing high-quality biosimilars for patients worldwide.

We have expertise in an array of technology platforms that include both microbial & mammalian systems. Our *Pichia Pastoris* platform for expression of recombinant protein is our proprietary technology, which is applied in the rh-insulin and insulin analog product lines. We use mammalian CHO and NSO cell-based expression to deliver biosimilar monoclonal antibodies. To better utilize our Manufacturing Capital, we focused on expanding production capacity, increasing productivity and efficiency, investing in digital manufacturing and automation, and reducing our environmental footprint in FY23.

## Expanding Manufacturing Capacity

Biocon Biologics' high-volume bio-manufacturing capabilities enable us to achieve economies of scale, allowing us to pass on the cost benefits to patients. The investments in building large, world-class facilities in Bengaluru, India and Johor, Malaysia, have positioned us among the world's Top 15 biopharmaceutical companies in terms of bio-manufacturing capacity\*.

### Bengaluru, India

We are investing in expanding capacity in a modular manner to cater to the growing demand for our existing products along with the upcoming pipeline.

Our capacity to manufacture Drug Substance for our mAbs portfolio received a boost, when the B3 unit in Bengaluru received EU GMP certifications for producing bTrastuzumab and bBevacizumab in FY23.

\*Source: Bioplan Associates Annual Report 2022

## Highlights FY23

**85+ cGMP**

Approvals obtained from regulatory agencies

**300+ KL**

Drug Substance manufacturing capacity across 3 sites

**~100 mn units**

Drug Product manufacturing capacity across 3 sites

**3**

State-of-the-art manufacturing sites for insulins, mAbs and conjugated rProteins

### Integrated Insulins Manufacturing Facility in Johor, Malaysia

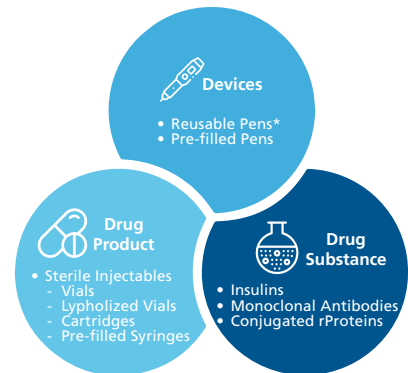
The Malaysia facility manufactures rh-Insulin, long-acting insulin analog bGlargine and rapid-acting bAspart for several markets globally, including Malaysia. By enabling insulin self-sufficiency, BBL's Malaysia subsidiary has helped make this treatment more affordable and accessible to patients in the country. A market study showed that insulin prices have gone down by over 40%, and insulinization rates have improved by 30% in Malaysia since

Biocon's entry into the country. Insulins manufactured at this facility have received approvals in both Advanced and Emerging Markets.

In FY23, the EMA renewed the GMP Certification of our Malaysia facility, which will unlock significant additional capacity to meet the needs of insulin-dependent people with diabetes in the EU.

To cater to increasing global demand for our insulins, we are investing in significantly expanding Drug Substance and Drug Product capacity at Malaysia.

### Manufacturing Capabilities



\*Test, release and package only

### India



### Biocon Malaysia wins ABEA Bioprocessing Excellence in South Asia Award

Our Malaysia facility won the prestigious 'Bioprocessing Excellence in South Asia' Award at the Asia-Pacific Bioprocessing Excellence Awards (ABEA) held in Singapore in March 2023.

The annual ABEA Awards recognize organizations that demonstrate exceptional bioprocessing expertise and the use of best-in-class technologies and practices in terms of speed, reduced cost and quality.



### Malaysia



## External Manufacturing

### Network

Biocon Biologics is also building a global external manufacturing network using Contract Manufacturing Organizations (CMOs). This 'asset light' model enables us to add capacity, reduce dependency on single sites, cut 'time to market', as well as to get closer to patients in key markets.

### Digital Transformation

Biocon Biologics is implementing a robust digital transformation strategy to add speed, reliability and efficiency to its manufacturing operations. These initiatives are aimed at predictive maintenance of high-value equipment, yield optimization in bioreactors, improved manufacturing capacity utilization, and at shortening review times for product testing

and release post-manufacturing. They are also enabling greater adherence to evolving regulatory guidelines by significantly reducing human error, improving adherence to SOPs (standard operating procedures), and easier remote document reviews and approvals. We are also building data pipelines and leveraging cloud technology to create data lakes, which are providing deeper insights into the huge volume of data generated by our core business functions. BBL is also focusing on continuous manufacturing and various Process Analytical Technology (PAT) tools to improve productivity and efficiency.

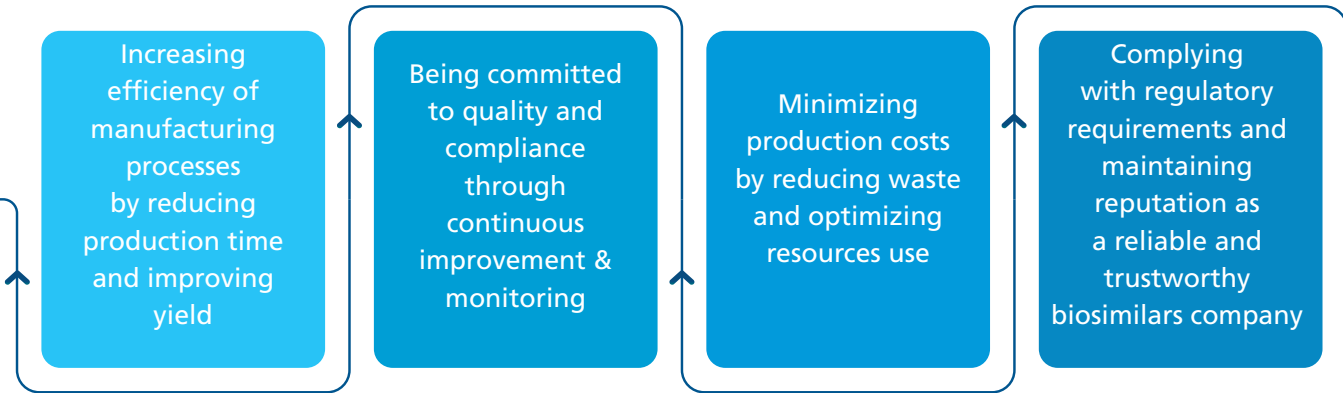
## Advancing towards Pharma 4.0 through:

- Electronic Quality Management Systems
- Equipment Failure Early Warning System
- ML Models for Optimizing Bioreactor Yields
- Batch Quality Management Dashboards
- Enterprise Cloud Platform and Data Lake
- Data Historian for Process Manufacturing

## Process Improvements

BBL’s cost-competitive manufacturing capabilities coupled with a relentless focus on process improvement throughout the biosimilars value chain have enabled us to make our products affordable for a larger patient population. We are continuously refining our processes to achieve a competitive edge through lower cost of goods and world-class product quality.

### Driving Factors for Process Improvement



We significantly leverage digital systems to enhance efficiency of our core processes. Some of the key initiatives undertaken recently include:

- Automated early warning system sends out alerts that allow for timely measures to prevent equipment failure.
- Machine Learning (ML) models help identify key operating parameters for fine-tuning to improve yields from our bioreactors.

Reduction of waste generated during the manufacturing process is also an important part of process improvements. We implement technologies that reduce the use of raw materials for every unit of product we manufacture. We actively identify opportunities for recycling across each stage of the manufacturing process.

## Product Quality

Biocon Biologics’ continuous focus on maintaining the highest standards of quality and compliance in all aspects of our biosimilar product operations allows us to consistently deliver high-quality products to customers, conform to current local and international GMP standards and maintain operational excellence.

Our Global Head of Quality is responsible for providing strategic direction on and oversight of quality and compliance across all our sites. We have appointed quality experts within each function to ensure seamless transmission of the quality targets. Other dedicated functions contributing to quality management include Global Quality Assurance, Global Quality Control, Global Compliance, Corporate Quality, Global Analytical Science and Technology (ASAT), Global

Engineering QA, External Quality Organization and Data Governance.

We constantly monitor the effectiveness of our internal quality systems as well as those of our suppliers. Moreover, we regularly assess our suppliers and service providers for their compliance to quality agreement requirements and cGMPs.

Risk management processes across our sites help identify, assess and mitigate risks related to quality and compliance. Also, digital tools and automation ensure standardization of quality within manufacturing and supporting processes.



Procedures and protocols in our dedicated Quality Management System are in line with the following internationally recognized practices:

- Good Manufacturing Practices
- Good Storage Practices
- Good Distribution Practices
- Good Documentation Practices
- Good Clinical Practices
- Good Pharmacovigilance Practices

The Corporate Governance Board reviews the performance of processes and quality monitoring systems across sites with the senior management.

We have a system in place to notify non-conformance that might have an impact on products. If required, product recalls or regulatory

compliance actions are taken in accordance with regulatory requirements.

The Group Center of Operational Excellence (CoE) function has been established to drive a culture of excellence across the Group. We have rolled out several initiatives to enable continuous improvement and innovation, and consistent right-first-time delivery. These initiatives are geared to enhance efficiency, productivity and agility across functions and aims to provide affordable access of world-class biopharmaceuticals to patients globally.

A Business Excellence model has been formulated with multiple

programs such as Lean Six Sigma, Kaizen (IDEA) and 5S to strengthen the culture of business and operational excellence across the Group. In FY23, over 1,540 employees participated in various CoE initiatives.

# Intellectual Capital

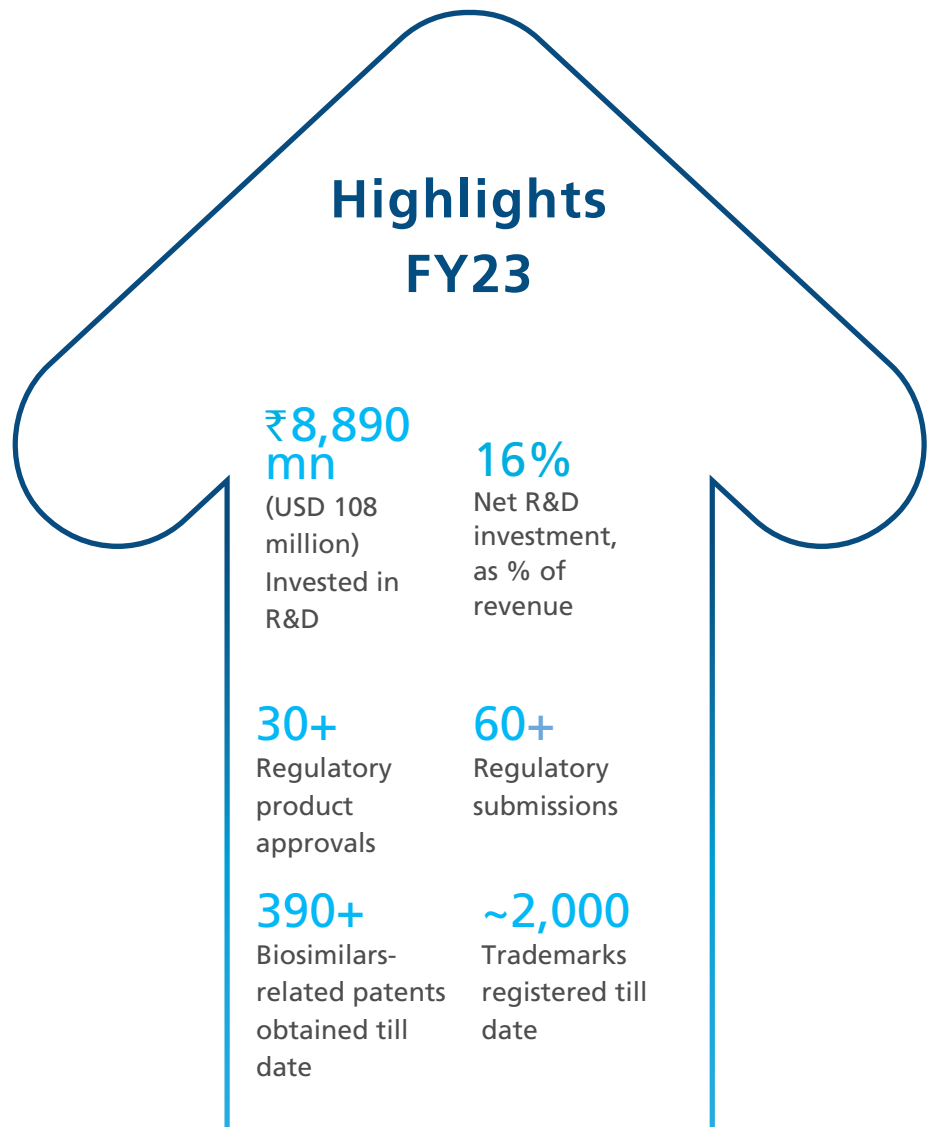
**Biocon Biologics is deploying its Intellectual Capital to advance its pipeline assets to meet expanding global demand for high-quality biosimilars, thereby transforming patients' lives.**

We are trying to reimagine the traditional approach to biosimilars development to get these therapies to patients faster and reduce development costs. As one of the highest R&D spenders within the pharma industry in India, we have built in-house R&D capabilities across the entire biosimilars development continuum from cell line development and characterization to pre-clinical and clinical development, as well as Regulatory Affairs and Intellectual Property (IP) management.

During FY23, we made regulatory submissions for our key biosimilars in several markets, even as we continued to invest in advancing our pipeline programs. As part of our scientific outreach activities, we focused on knowledge exchange through our scientifically accurate, fair, and well-balanced publications.

On the clinical trials front, we focused on improving Diversity and Inclusion (D&I) in BBL-sponsored studies by enrolling patients from under-represented population groups, as well as reducing our carbon footprint. We are also leveraging the power of digital technologies to transform our R&D productivity.

We are among the highest R&D spenders in the pharmaceutical sector in India, investing an average of 10% of our revenues in R&D every year.



## Global Regulatory Affairs

As the global regulatory landscape for biosimilars evolves rapidly, our Regulatory Affairs team acts as the interface between the Company and regulators, working to understand unique, country-specific guidelines, rules, and processes that are mandatory. Our strong Regulatory Sciences capabilities have enabled us to successfully file for regulatory approvals of our biosimilars in over 100 markets. By integrating the requirements of various regulatory agencies into a single, comprehensive global strategy, the team is helping reduce approval time and the number of clinical studies, and bridge differences among various jurisdictions.

The Global Regulatory Affairs team ensured 60+ dossier submissions in Emerging Markets in FY23. We also received 29 product registration approvals. For Advanced Markets, we obtained three approvals for three different products.

## Regulatory Inspections

The U.S. FDA, EMA and other international regulatory health authorities conducted a total of 19 health authority inspections of

Biocon Biologics' facilities between April 2022 and March 2023. These were under the category of pre-approval and surveillance inspections related to Good Manufacturing Practices (GMP), to confirm state of compliance.

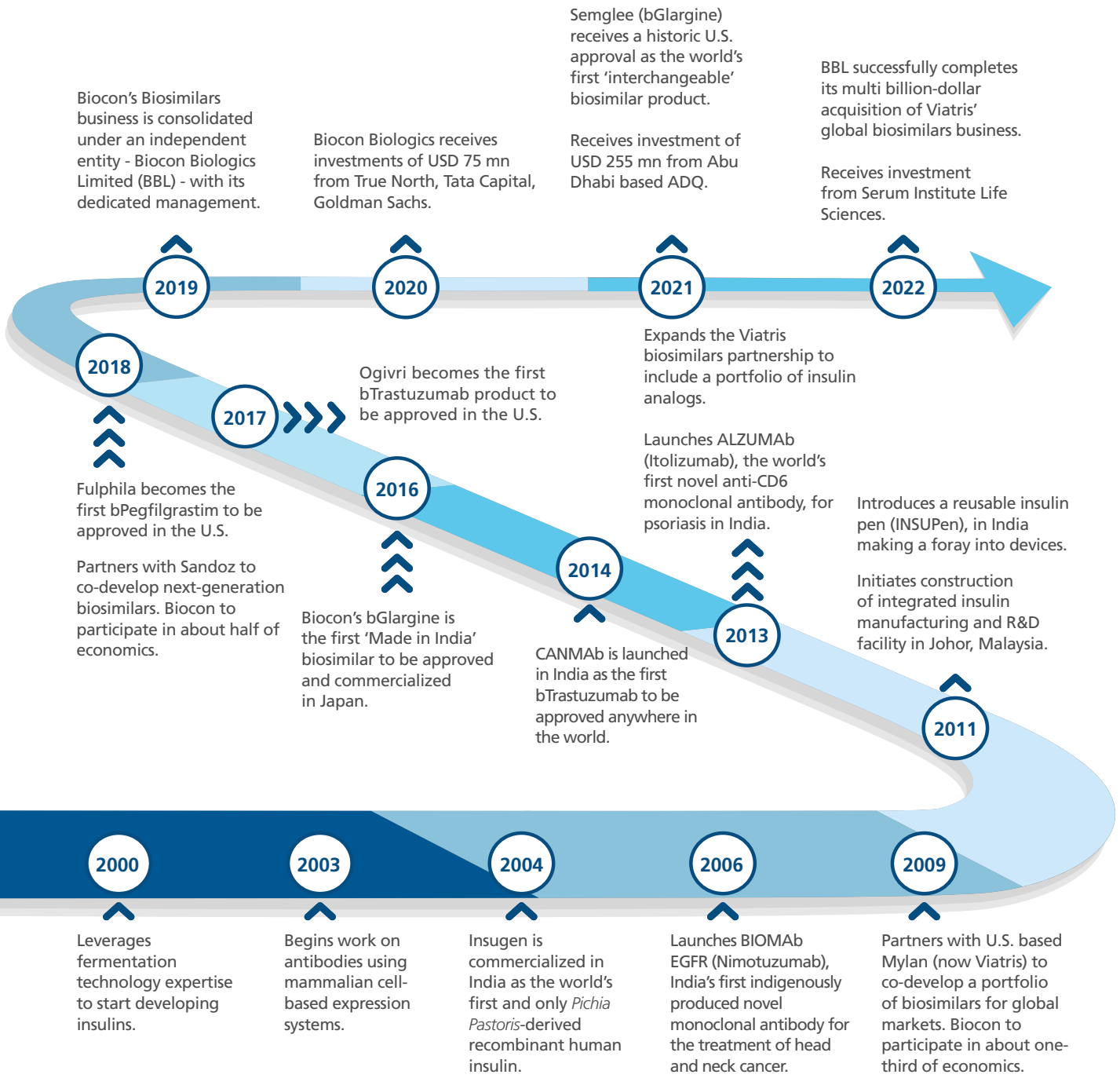
Our sites cleared all surveillance inspections and acquired the applicable manufacturing licenses and GMP certificates. We, however, received Complete Response Letters (CRLs) from the U.S. FDA for three of our BLA filings (bAspart, bBevacizumab and rh-Insulin) that were linked to observations cited during the Pre-Approval Inspections of our facilities. We submitted Corrective and Preventive Actions (CAPA) plans and took necessary action within the stipulated timeline to address the U.S. FDA's observations. We remain committed to global standards of Quality and Compliance and look at this as an opportunity to improve and strengthen our systems.





# Our Milestones

Our purposeful journey of over two decades is enabling us to make transformational impact on global health and patients' lives.



## Clinical Development and Medical Affairs

Our Clinical Development and Medical Affairs (CDMA) team has expertise in the fields of clinical development, pharmacovigilance, statistics, data management, medical affairs, clinical operations and medical writing and scientific communications. The team supports early and late-phase clinical trials for biosimilars, and post-approval safety services, including development strategy and advisory discussions with regulatory authorities.

The CDMA team bridges R&D and manufacturing with medical affairs and commercial operations. Two key focus areas for CDMA currently are integrating sustainability in clinical trial processes and increasing Diversity & Inclusion within the trial framework.

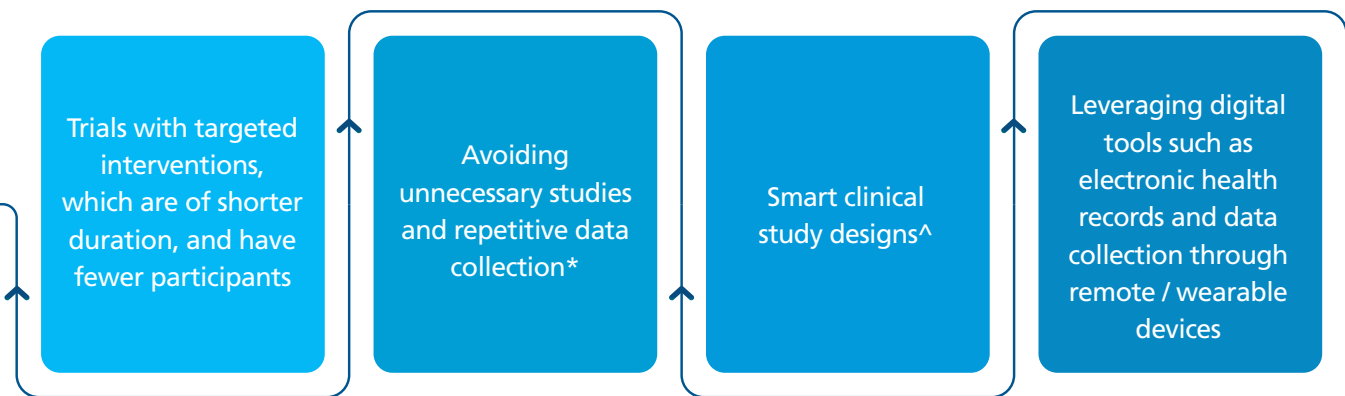
### Integrating Sustainability in Clinical Trials

We, at Biocon Biologics, are mindful of the environmental impact associated with the conduct of

clinical trials. The CDMA team's sustainability mandate for Biocon Biologics follows the Carbon Reduction Guidelines of the United Kingdom (UK) - National Institute for Healthcare and Research (NIHR). These guidelines outline strategies to reduce carbon emissions from clinical research. This is done through focus on efficient study design, streamlined monitoring, avoidance of unnecessary data collection and reducing trial-related travel.



## The CDMA Team at Biocon Biologics is Making Clinical Trials Smarter, Faster, More Optimized by Broadly Employing:



*\*For example, U.S. FDA's approval of BBL'S interchangeable bGlargine, where permission was granted to interchangeability claims based on the safety and efficacy of existing trial data, without conducting any additional trials.*

*^Using a two-arm clinical pharmacokinetic study, instead of three arms, with either of the reference listed drugs, can substantially reduce complexity, duration and cost of the trial.*

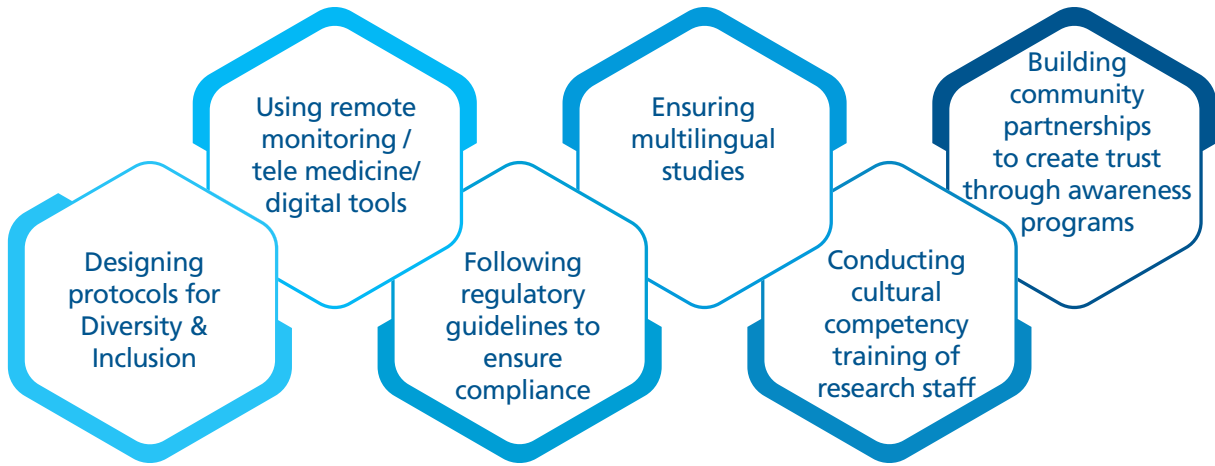
### Ensuring D&I within Our Clinical Trial Framework

Research indicates that the under-representation of disease-appropriate subgroups in clinical research is a cause of concern. This has also been highlighted by regulatory agencies involved with approvals. It is important to include processes that ensure maximum efficacy of a drug across a diverse set of population groups. Further, research has suggested that racial and ethnic minorities are not effectively targeted in clinical trials. It is found that only 50% trials conduct gender analyses and 35% conduct subgroup analyses of trial results.

Biocon Biologics is attempting to reverse this under-representation by proposing more inclusive study design protocols, the use of multilingual study tools, and digitized data collection systems.



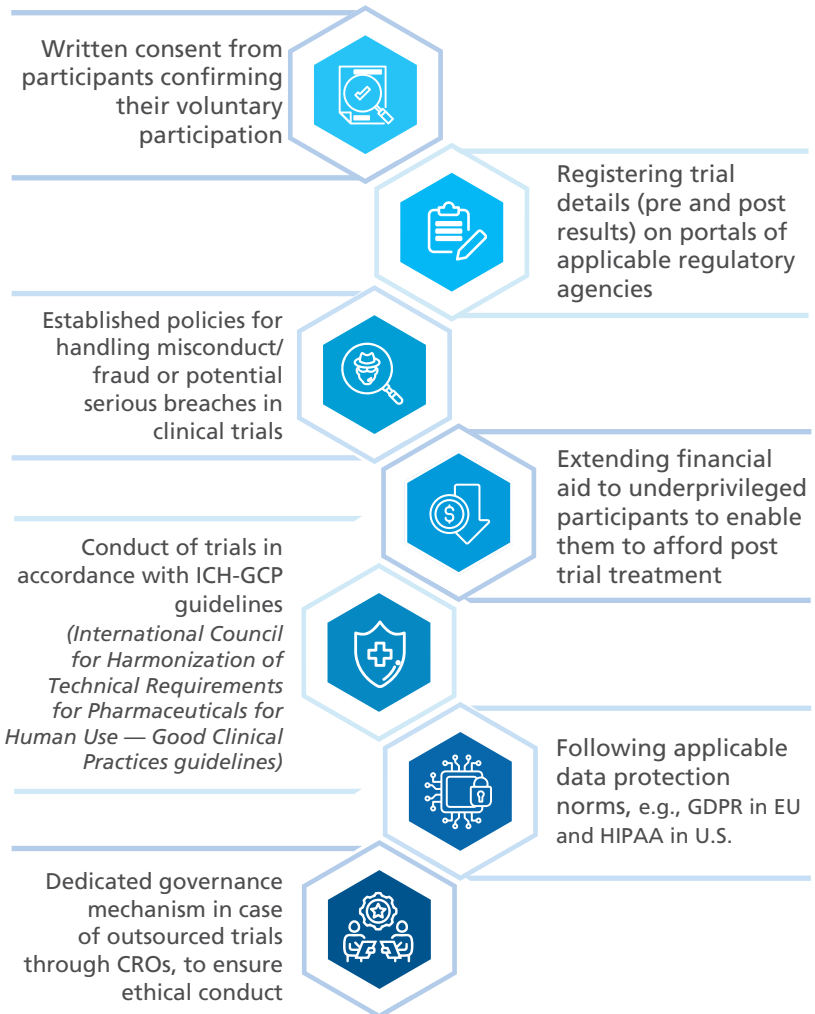
## Strategies to Ensure D&I in Clinical Trials



## Ethical Considerations in Clinical Trials

Ethical clinical trials not only improve the chances of our products getting regulatory approval, they also help uphold the human rights of the participants involved. We ensure alignment with industry-leading practices on ethical clinical trials. We have a Clinical Trial Protocol Review Committee (CTPRC) that outlines requirements and ensures progress according to the set standards. The CTPRC is headed by the Chief Medical Officer and the core committee members include the Head of Medical Affairs, Head of Regulatory Affairs and Head of Research & Development. Members from relevant functions are added to the committee as per the trial's requirement.

## Ethical Conduct of Trials



## Pharmacovigilance

Our focus on patient-centricity is reflected clearly in our pharmacovigilance process. To help users easily report drug safety issues, we have the following channels to receive information on Adverse Events (AE):

- Biocon web portal (<https://pharmacovigilance.biocon.com>)
- Social media
- Through E-mail (DrugSafety@biocon.com) or online/offline Adverse Event (AE) report form
- Toll-free phone numbers
- Fax
- Direct post

The details are publicly available on Biocon and Biocon Biologics websites and PI (Prescribing Information). All our stakeholders, including healthcare professionals, regulatory authorities, consumers

and patients, can use these channels to communicate with the drug safety team. We have a robust communication channel in place to ensure that customer complaints are addressed at the earliest with relevant feedback. All medical enquiries and quality complaints are communicated to relevant functions.

Our dedicated pharmacovigilance team tracks industry trends in adverse effects, forming an effective bridge between the end user, research and development and field/sales teams. We follow industry best practices, conduct regular governance meetings and provide continuous updates to the senior management.

The Research and Quality Assurance team also conducts internal and

external audits to ensure adherence to high-quality standards, and product lifecycle management to ensure quality.

As we gradually take over front-end responsibilities in a larger number of global markets post-acquisition of the Viatris biosimilars business, we are reviewing and implementing various country-specific regulations and guidelines. We are also undertaking process enhancements and streamlining operations to boost speed, accuracy, and efficiency.

No critical observations were made for our pharmacovigilance team during FY23.



## Scientific Publications

The CDMA team at Biocon Biologics works towards accurate and timely dissemination of information on products, the science behind them and their usage. We have a

dedicated team of medical writers who work closely with subject matter experts to develop content for high-quality publications. Our commitment to publicly publishing these papers underscores our

dedication to advancing scientific knowledge within the broader scientific and medical community and promoting the safe and effective use of biosimilar products.

### Key Publications in FY23

Publication title	Journal	Year
Pharmacokinetic and pharmacodynamic equivalence of Biocon's biosimilar Insulin 70/30 with US-licensed HUMULIN® 70/30 formulation in healthy subjects: Results from the RHINE-3 (Recombinant Human INsulinEquivalence-3) study  - Plum-Mörschel L, Klein O, Singh G, Murugesan SMN, Marwah A, Sharma N, Panda J, Loganathan S, Lakshmi GC, Athalye SN	Diabetes, Obesity and Metabolism	May 2022
Biosimilars and interchangeable biosimilars: facts every prescriber, payor, and patient should know. Insulin's perspective  - Joshi SR, Mittra S, Raj P, Suvarna VR, Athalye SN	Expert Opinion on Biological Therapy	Aug 2022
Immunogenicity, Efficacy, and Safety of Biosimilar Insulin Aspart (MYL-1601D) Compared with Originator Insulin Aspart (Novolog®) in Patients with Type 1 Diabetes After 24 Weeks: A Randomized Open-Label Study.  - Blevins TC, Raiter Y, Sun B, Donnelly C, Shapiro R, Chullikana A, Rao A, Vashishta L, Ranganna G, Barve A	BioDrugs	Nov 2022
Efficacy and safety of Tregopil, a novel, ultra-rapid acting oral prandial insulin analog, as part of a basal-bolus regimen in Type 2 diabetes: a randomized, active-controlled phase 2/3 study  - Lebovitz HE, Fleming A, Cherrington AD, Joshi S, Athalye SN, Loganathan S, Vishweswaramurthy A, Panda J, Marwah A	Expert Opinion on Pharmacotherapy	Nov 2022
Biosimilars drug development: time for a paradigm shift?  - Athalye SN, Mittra S, Ranpura AM	GaBI Generics and Biosimilars Initiative	Dec 2022
Pharmacokinetic and pharmacodynamic equivalence of Biocon's biosimilar insulin N with US-licensed Humulin® N formulation in healthy subjects: Results from the RHINE-2 (Recombinant Human INsulin Equivalence-2) study.  - Andersen G, Singh G, Murugesan SMN, Gogineni R, Sharma N, Panda J, Marwah A, Loganathan S, Athalye SN	Diabetes, Obesity and Metabolism	Jan 2023
Comparative clinical efficacy and safety of insulin glargine 300U/ml (Toujeo) versus insulin glargine 100U/ml in Type 2 diabetes and type 1 diabetes: A systematic literature review and meta-analysis.  - Joshi SR, Singh G, Marwah A, Mittra S, Suvarna VR, Athalye SN	Diabetes, Obesity and Metabolism	Feb 2023

## Medical Affairs

The Medical Affairs team at Biocon Biologics focuses on continuing medical education for healthcare professionals (HCPs) and disease awareness activities for patients. The team also conducts real world evidence trials, which deliver new insights and add to the body of knowledge on disease and therapy.

Programs	Outcomes
BRIDGE-1	<ul style="list-style-type: none"> <li>Trained 400+ HCPs on managing Type 1 diabetes.</li> <li>Enrolled ~500 young persons with Type 1 diabetes for free access to regular and basal insulins.</li> </ul>
Continuing Medical Education (CME) for HCPs	<ul style="list-style-type: none"> <li>Multiple continuing medical education events on better diabetes management conducted for 9,000+ HCPs across India.</li> <li>~450 HCPs covered through education sessions on head &amp; neck, breast and ovarian cancers.</li> <li>Supported the Master Class in Breast Cancer Program targeting 1,000+ HCPs in India and abroad.</li> <li>Conducted 60 CME events / webinars on renal transplantation and delaying onset of chronic kidney disease.</li> <li>230+ specialists across India attended symposium on infection management on occasion of World Sepsis Day.</li> </ul>
Real-world evidence	<ul style="list-style-type: none"> <li>Study to assess improvement in quality of life for diabetes patients educated on insulin techniques, dietary support and disease education</li> </ul>

## Intellectual Property Management

At Biocon Biologics, we have built a robust in-house Intellectual Property (IP) strategy and capabilities that help us accelerate access to biosimilars for patients worldwide. Our portfolio continues to grow. IN FY23, we got approvals for 18 biosimilars-related patents and 71 trademarks, taking the cumulative total to 392 patents and ~2,000 trademarks.

### Patents & Trademarks - FY23

APPLICATIONS	APPROVALS
1 PATENT	18 PATENTS
401 TRADEMARKS	71 TRADEMARKS



## Leveraging the Power of Digital across Our Operations

Digitization has played a significant role in enhancing efficiency of industrial processes across sectors. For biosimilars, especially as the industry is poised for growth, these efficiency gains are crucial. Biocon Biologics recognizes the importance of such transformations and has built a suitable strategy around digital transformation.

Our digital transformation initiatives are led by the Global Head of IT and Digital Transformation who, in turn, is supported by dedicated functional teams such

as Global Digital Programs and Enterprise Architecture, IT Quality and Compliance, End User and Application Services, Regional IT support and Information Security.

Biocon Biologics has developed a roadmap for digital transformation that takes into account the present state of the IT systems at Biocon Biologics, systems required for integration of Viatrix' biosimilars business and the distance to cover to be on par with industry leading practices.

Some of our noteworthy digital transformation-based initiatives have been showcased across the relevant chapters. We are also building a cloud-based enterprise data management platform and data lake to enable quicker generation of business insights and faster decision making.

## Pillars of Digital Transformation



## Digital Initiatives

We have deployed advanced digital tools for data acquisition and analysis. We have integrated digital technology to make our processes more reliable and efficient. Our Laboratory Information Management Systems (LIMS) helps in effectively managing the flow of samples and associated data

and improve lab efficiency. LIMS helps standardize workflows, tests, and procedures, while providing accurate controls of processes. The system has evolved to drive and support regulatory and standards compliance around laboratory operations. Our efforts come at a time when rapid scientific

and technological advances are generating new insights and advanced data analysis is helping reduce clinical development timelines without taking undue risks or compromising insight generation.



# Human Capital

We have a talented and diverse team, which brings a range of perspectives, experiences, and expertise to drive innovation and works towards the common goal of making healthcare affordable and accessible. This chapter describes our strategy for managing human resources and underlines the initiatives that have unlocked opportunities for all employees to grow and be a part of our transformational journey.

## Our Workforce

Our workforce of 5,663 employees is spread over functional areas, including Research and Development (R&D), Manufacturing, Quality, Clinical Development and Medical Affairs, Regulatory Affairs, Intellectual Property Management, Commercial and enabling functions. In FY23, we were especially invested in employees' career development, increasing career opportunities for women, and making digital interventions to maintain the highest standards of employee health and safety.

## Driving Employees' Career Growth

Our recruitment process is designed to assess both technical skills and cultural fit, and we provide new employees with the tools and resources they need to succeed in their roles. We have introduced the B-Nurtured program to hire exceptional talent from India's top universities and colleges and engage with them early in their careers. This is coupled with a structured internship program that allows students to gain practical experience in the biopharmaceutical industry.

## Highlights FY23

**5,663**  
Employees  
across 6  
countries

**24%**  
Women in  
workforce

**67%**  
Employee  
engagement  
score - GPTW  
survey

**65%**  
Employees  
offered RSUs

**25**  
Average  
training hours  
per employee

**0.94:1**  
Women: Men  
pay parity in  
India

**0.97:1**  
Women: Men  
pay parity in  
Malaysia

**Biocon Biologics has been recognized as one of the Top 10 best employers in the global biotech and pharma sector by the U.S.-based Science magazine. We ranked 8th in 2022 for demonstrating: Innovative Leadership, Social Responsibility, Employee Loyalty.**

We enable our employees to advance their careers, encourage them with rewards and recognition and take care of their physical and mental wellbeing. We identify learning and development needs by conducting skill gaps analysis using sources such as Performance Management System (PMS) and individual development plans. They empower employees to map their learning journey and choose the

area in which they want to cross-skill, re-skill or upskill.

Our First-Time Managers (FTM) Training program won the Leap Vault Chief Learning Officers Awards 2022 for Best Blended Learning Program (Biopharma) and 83 FTMs received certification in FY23.

## Improving Employees' Operational Efficiency

Our CoE for Operational Excellence has helped us identify and execute initiatives to enable continuous improvement of employees and enhance efficiency and productivity.

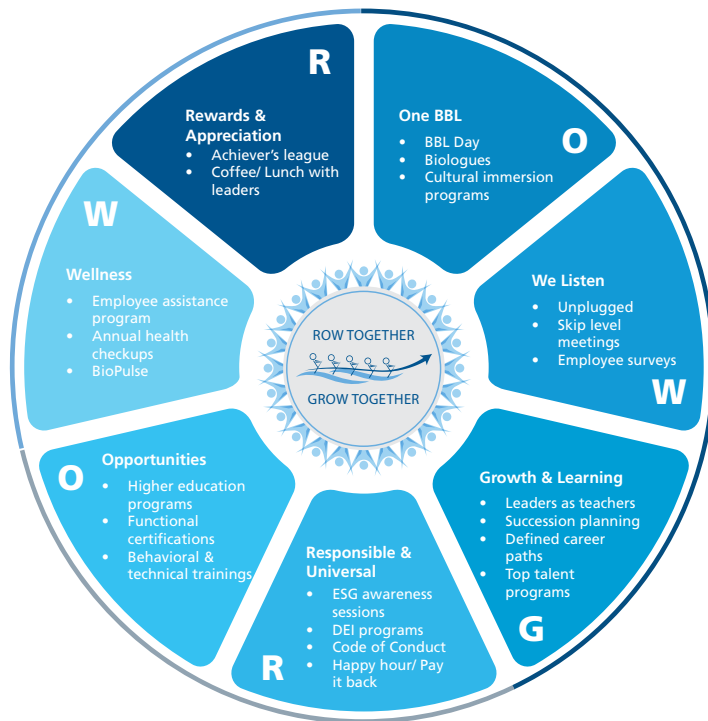


We have one of the most competitive and effective benefits package in the industry for employees. In FY23, we also offered Restricted Stock Units (RSUs) to more than 65% of our employees who had completed a year in the Company.

**65% of employees offered RSUs (Restricted Stock Units)**

This year, we launched “ROW Together GROW Together” (RTGT), an umbrella initiative driving employees’ enablement, growth, and engagement. The three tenets of the RTGT framework are Appreciation, Connection and Purpose.

## Employee Engagement



Partnered with Great Place to Work for employee engagement survey.

Participants:  
**76%** of our employees  
 Engagement score: **67%**

At Biocon Biologics, we encourage transparent communication through regular performance reviews, goal setting, and feedback sessions.

Mandatory trainings for all BBL employees cover areas such as PoSH (Prevention of Sexual Harassment), ISMS (Information Security Management System), EHS (Environment, Health & Safety), Zero Tolerance, Code of Conduct, Pharmacovigilance, Non-conscious bias, Data Integrity and ALCOA principles.

## Diversity, Equity & Inclusion (DEI)

We are committed to creating an inclusive and supportive work environment where all employees feel valued and respected, regardless of their background, ethnicity, gender, age, and sexual orientation, or other personal characteristics. No case of discrimination was registered at Biocon Biologics in FY23.

### Supporting People with Disabilities

The DEI team conducted the PWD (People with Disabilities) Hiring & Sensitization workshop with over 40 participants. The sensitization workshop was run by ‘EnAble India,’ one of the founding members of Disability NGOs Alliance, India’s largest collective platform to represent disability-sector NGOs. The DEI HR team has also formed an Employee Resource Group (ERG) for employees who are differently abled.

We are making continuous efforts to understand unconscious biases and change attitudes that perpetuate stereotypes. We are deeply committed to fostering gender diversity, and it starts right from the leadership level, with the Board Diversity Policy. Women make up 20% of the board at Biocon Biologics. In FY23, we hired 590 women, which is 29% of our total hires.

## Gender Pay Parity Assessment

We collaborated with an external consultant to conduct a Pay Equity Study for BBL. BBL incumbent data was analysed, and statistical models were designed to evaluate the impact of gender on pay equity. A detailed review was then done to identify drivers contributing to the pay gap and, accordingly, remediation scenarios were shared with the BBL team.

**Women: Men earnings per rupee (₹)**

~₹0.94	~₹0.97
India	Malaysia

### DE&I Initiatives from FY23

- Mandatory DEI Sensitization Module**, powered by learning partner Avtar
- Women in Mentoring** initiative to provide the next phase of learning for First-Time Managers
- Shift A For Women (6am-2pm)** in functions like production and quality at Biocon and Biocon Biologics
- Young Women from Manufacturing Shop Floor: A Dialogue with Executive Chairperson, Kiran Mazumdar-Shaw** saw 60+ young women share their experience of working in manufacturing
- DEI ERG - Career 2.0 Back2Work** referral program to reabsorb former employees who opted for a career break

## Women in Manufacturing

We have started recruiting women employees in manufacturing roles to enable equal job opportunities. Providing shifts that prioritize their safety and factor in their family commitments are some of the measures that help us create an enabling workplace.



# #sheAspires | #sheInspires

## Celebrating Women in STEM

Biocon Biologics is proud to launch its initiatives “SheInspires” and “SheAspires” as a tribute to every woman who has broken the glass ceiling, taking up careers in areas such as production and manufacturing, and in STEM (Science, Technology, Engineering and Mathematics).

Production is often perceived to be a male domain with limited representation of women. To break the stereotype, Biocon Biologics has unlocked opportunities for women to play a significant role in Pharma Manufacturing. With #SheAspires, we bring into focus the aspirations, dreams and commitments of women starting their careers in production, living their passion and blazing a trail.

The “SheInspires” video series features some of our accomplished women employees who have navigated multiple challenges to build a successful career in STEM (Science, Technology, Engineering and Mathematics), inspiring the next generation to follow in their footsteps.

The “SheInspires” corporate brand campaign won silver awards at the India PR and Corporate Communications Awards for “Most Innovative Use of Social Media”, and at the Velocity Awards for “Best Use of Digital for Internal Communications”.



## Digital Interventions to Improve Employee Health and Safety

Biocon Biologics has been re-certified with ISO 45001:2018 for Occupational Safety and Health Management System by TUV Nord for EHS Management System Standard requirements.

Our digital interventions this year have helped us improve safety assessment and reporting, and propelled us to reach the best-in-class Occupational Health and Safety (OHS) standards:

1. Artificial Intelligence-based safety anomaly detection and recognition

system, which provides us with contextual intelligence to improve safety, process efficiency and conformance.

2. E-learning platform on SAP-SF LMS, which has a knowledge bank of occupational safety-related modular trainings on topics such as awareness of health and safety responsibilities, zero-tolerance towards unsafe and risky practices, chemical safety, lab safety, safety in process operations, etc.

3. The Malaysia facility piloted

and implemented a QR code and scanner-based reporting system with the capability to report four broad categories of hazard: chemical, biological, ergonomic, and physical.

4. Indoor Air Quality (IAQ) measured using IAQ testing equipment and EVM environmental monitors. We have conducted Industrial Hygiene exposure assessments specific to four products in our facilities at Biocon Park (Bengaluru) to screen potential exposure risks and measure adequacy of controls.



We organize regular training and awareness programs for employees on Environmental, Occupational Health, Safety and Sustainability. We are also engaging with the British Safety Council for adopting best-in-class Occupational Health and Safety (OHS) standards and practices.

Induction Training	Technical Induction Training
EHSS policy	Specific job safety precautions for various operations
Impact and risk assessment	On-site emergency plan
Class of fires and usage of fire extinguishers	Procedure for emergency shutdown
On-site emergency plan & emergency procedure and response	Case history of past accidents
Work permit requirements	Guidelines for safe working a laboratory (if applicable)
Safety Data Sheet (SDS)	Basics of operation of emergency safety equipment
Accident and Dangerous Occurrences reporting system	EHSS Management Systems
Safety rules followed on the premises (Dos and Don'ts)	Process safety (HAZOP, FMEA, etc.)
Waste disposal procedure	Selection of Personal Protective Equipment (PPEs)



## Health and Safety Audits

Our internal and external health and safety auditing process enables us to ensure the safety of employees and customers, and comply with relevant regulations and standards.

Type of Audit *	Frequency
Internal Safety Facility Audit	Once in 6 months
IMS Internal Audit	Once in 6 months
Internal Safety Inspection	Once a year
External Safety Inspection by External Consultant	Once a year
Inspection by Department of Factories, Factory Inspector	Once a year

\* Across all locations in India



## Human Rights

Our human rights policy is applicable to all employees of Biocon Biologics Limited and its subsidiaries, as well as business partners, part-time/temporary, contractual employees, trainees, consultants and volunteers. It takes a Zero Tolerance approach towards child labor and forced labor, non-discrimination, and harassment

of any nature on grounds of race, color, religion, age, gender, sexual orientation, nationality, disability, political opinion, and other factors.

The policy extends freedom of association to all its employees. We also provide training and resources to employees to help prevent and

address incidents of discrimination and harassment.

Any human rights-related concern can be reported to [integritybiologics@biocon.com](mailto:integritybiologics@biocon.com)

## Organization-Level Human Rights Policies

Policy / Process	Human Rights-Related Provisions
Code of Conduct	Prohibits discrimination of any kind, on grounds of race, color, religion, age, gender, sexual orientation, nationality, disability, political opinion, and other factors
Business Partner/ Supplier Code of Conduct	
PoSH	Prohibits any nature of harassment of employees
Grievance Redressal Mechanism	Provides employees with a platform to raise complaints / grievances of any kind
Biocon Whistleblower and Integrity Policy	Ensures protection of whistleblowers from undue discrimination, harassment, victimization, retaliation or any other unfair employment practice
Employment Policy	Ensures mandatory compliance with code of conduct and applicable human rights provisions
Environmental Policy	Provides a safe and hygienic working environment for employees, and makes sure to not engage in activities that could cause damage to the environment, affecting nearby communities



# Natural Capital

**At Biocon Biologics, we are investing in responsible and sustainable business practices today that will help create a better tomorrow for the planet and its people.**

To protect, conserve and enhance Natural Capital, Biocon Biologics in FY23 focused on reducing our carbon footprint, increasing use of renewable energy, adopting responsible sourcing practices, driving productivity across our value chain and adopting digital solutions that reduce inefficiencies.

## Governance for Managing our Natural Capital

Our robust environmental management systems enable us to identify and address potential environmental risks and continuously improve our performance. Management of Natural Capital at Biocon Biologics is governed by an overarching Environment, Occupational Health, Safety, Sustainability (EHSS) policy, driven by the top management. The policy is applicable to the entire Biocon Group and to external stakeholders. Translating the policy into practice is the responsibility of the EHS head at Biocon Biologics, who is supported by a dedicated team of EHS specialists.

All our manufacturing sites are certified for Energy Management System, under ISO 14001:2015. Our Environment Management System (EMS) provides us a framework to

drive our sustainability strategy. We also have a system of internal and external audits focused on environmental parameters. During

FY23, our facilities went through 34 internal and 12 external audits and had zero significant observations.

## Raising Green Debt Capital

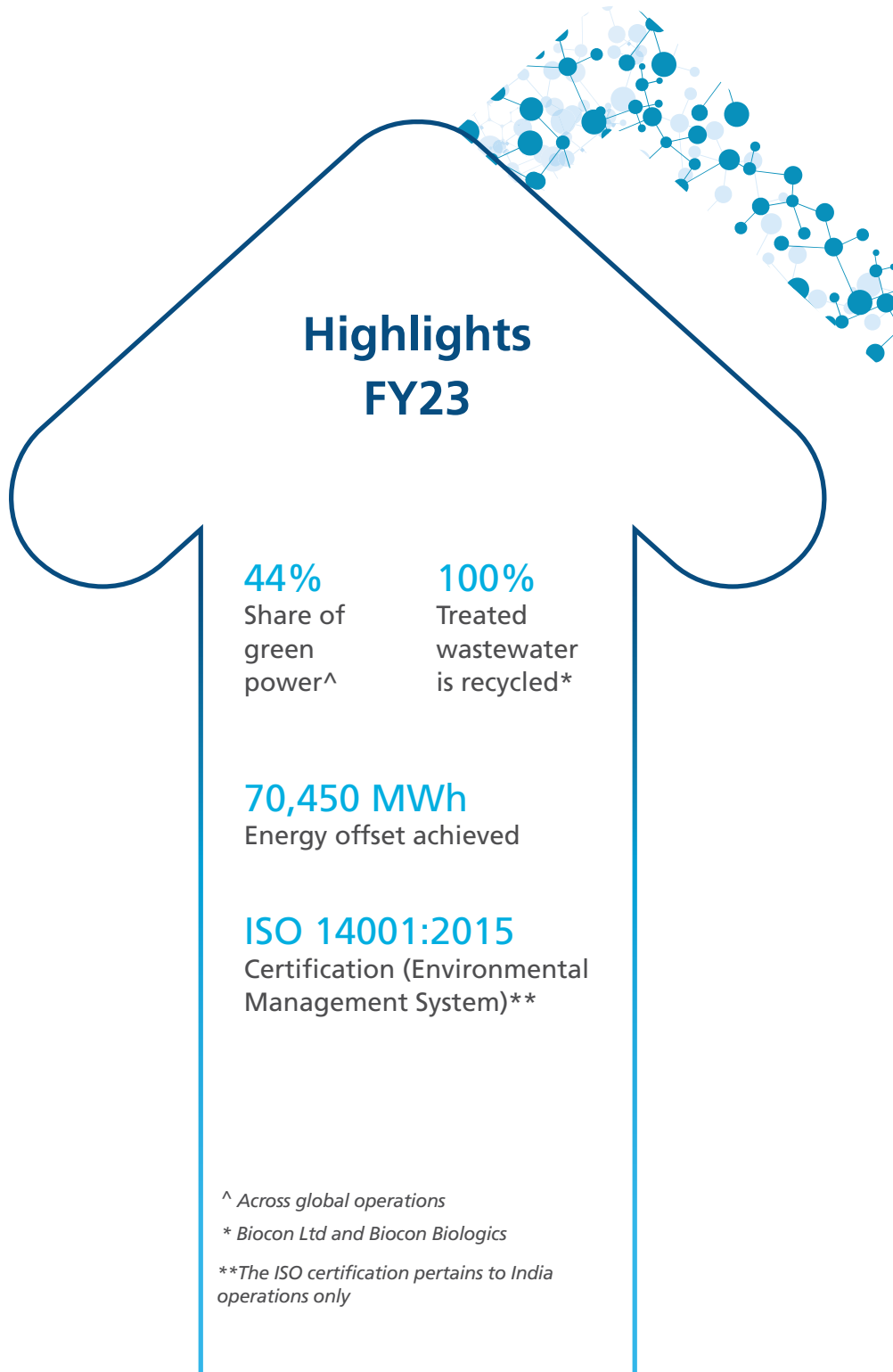
In line with our ESG commitments, Biocon Biologics in FY23 raised a USD 1.2-billion debt as a Sustainability Linked Loan (SLL) under which we have defined targets on important ESG Key Performance Indicators (KPIs) related to (i) Improving biosimilars access; (ii) Enhancing diversity and inclusion in the workforce; (iii) Increasing the use of green power; and (iv) Reduction in freshwater consumption. The loan proceeds will part-fund the acquisition of Viatris' global biosimilars business and related expenses. The SLL underscores our continued commitment to our ESG goals.



## Climate Strategy

Biocon Biologics is committed to strategic energy sourcing and responsible greenhouse gas (GHG) emissions management. Incorporating renewable energy technologies to supplement our power needs has driven the efficiency of our production processes and helped lower GHG emissions. We have internal GHG reduction targets as part of our climate strategy, which focuses on managing our carbon emissions and enhancing energy efficiency while building our resilience to climate change risks. For clinical trials, Biocon Biologics has also endorsed the carbon reduction guidelines by the UK National Institute of Health and Care as a part of UK's Climate Change Act, 2008.

Biocon has been placed among the top 4 companies in the Indian pharmaceutical sector recognized for demonstrating environmental transparency through disclosure to the Carbon Disclosure Project (CDP). For 2020, Biocon received 'C' rating in climate change disclosure, which is higher than the Asia region average of 'D'.



## Energy Management

We are continuously improving our energy management practices — minimizing environmental impact, reducing costs, and enhancing operational efficiency. Our EHS manual highlights the processes established to monitor and review our GHG emissions. Our approach to emissions management includes energy efficiency improvements, renewable energy sourcing, and alternate transportation options. As a result of these, our Scope 1 emissions in FY23 were at 18,190 tCO<sub>2</sub>e.

Over the past year, we have implemented the following initiatives to reduce our energy consumption:

- Replacement of conventional lights with energy-efficient LED set-up
- Optimization of HVAC systems
- Smart temperature control systems
- Energy-efficient equipment
- AHU conventional to EC Plus motors
- Auto cleaning system of condenser ATCS
- Chiller Load management
- Motion sensor in lights corridors
- Installation of intelligent air flow (IFC) controller in compressed air circuit to reduce artificial demand
- Improvement in CT efficiency by introducing better maintenance procedure
- Replacement of all less efficient motors with IE3 motors
- Installation of aerodynamic fans, which lead to 30% energy savings

## Transition to Renewables

Transition to renewable energy is a priority for us. During the year, we took a significant step towards reducing our dependency on conventional sources of energy in Malaysia by commissioning solar rooftops at the facility. This will help maintain a balance between manufacturing requirements and decarbonization.

During the year, 44% of our total electricity needs across India and Malaysia were fulfilled by renewable sources of energy - mostly solar and wind.

## Energy Management Across Our Supply Chain

We have started making a shift towards sea freight to transport our products, and we estimate an annual reduction of 200 tCO<sub>2</sub>e. as a result of this. We are also employing local vendors to help shorten the distance covered to procure raw materials, resulting in the reduction of about 450 tCO<sub>2</sub>e.



## Air Quality Management

We have installed an Ambient Air Quality Monitoring System (AAQMS) at Biocon's Special Economic Zone Area, which captures air quality data around a 5km radius of the facility. The data is fed into Karnataka State Pollution Control Board's (KSPCB) website, where it is uploaded automatically and instantly monitored. As a part of industrial hygiene, workplace indoor air quality, which refers to physical, chemical, and biological characteristics of air indoors, is checked every six months.

The instrument used for IAQ monitoring is EVM (Environmental Monitor) and measures particulate sampling, volatile organic compounds, dust, and average temperature.

## Waste Management

For better waste management, we are minimizing generation of waste and maximizing reuse and recycling. We are also working with our suppliers to ensure responsible disposal of hazardous and non-hazardous waste. Additionally, we are supporting waste management initiatives in our communities and collaborating with stakeholders to promote circular economy principles.

Biocon Biologics complies with the newly amended 'Plastic Waste Management Rules' of the Central Pollution Control Board (CPCB), including Extended Producer Responsibility (EPR). The Certificate of Value we achieved for EPR was at 50 MT in FY23.

At Biocon Park, we achieved a revenue of ₹13.29 million in FY23 YTD from solid waste recycling initiatives, leveraging circular economy channels.

The following initiatives are part of our circular economy strategy:

- Paper waste from the Bengaluru facility is sent to the Karnataka Khadi Gramodyog Samyukta Sangh for recycling and reuse. The waste is converted into A4 size paper, paper bags and files.
- Low-Density Polyethylene (LDPE) covers are used to collect waste across sites.
- At our Bengaluru facilities, primary sludge generated out of Effluent Treatment Plant (ETP) is sent for composting while secondary sludge is sent

for co-processing instead of landfills.

- Biogas generated from ETP operations at Bengaluru facilities is captured and reused for onsite incineration.

As an organization that is conscious about its environmental footprint, we lay emphasis on bringing in process improvements in our entire value chain. These lead to reduction in emission, discharge, and waste generation, and increased potential to reuse byproducts. To reduce wastage of raw materials or active ingredients between the manufacturing and distribution phases, we have taken innovative

steps with regards to temperature control and handling practices. Automated workflows and smart detection systems installed in bioreactors are already exhibiting efficiency gains.

We shifted some of our lamination-based printing to aqua varnishing techniques for packaging that helped us save ~500 kg of plastic in FY23.





## Water Management

We used the World Resources Institute (WRI) Aqueduct tool to conduct water risk assessments across our operations and local supply chain vendors. The parameters analyzed includes water stress, upstream storage, flood, drought, water demand, unimproved/no drinking water, water supply, wastewater management and regulated and total water use for our direct operations. According to the internal risk criteria, all our sites fall under the low-risk category. We have several mitigation measures in place to address water-related risks in our direct operations, including an adequacy assessment of the ETP system with external consultants at one of our sites in Bengaluru.

We have installed rainwater harvesting systems in all our facilities. We are proud to report that 100% of our treated wastewater is recycled and reused in different processes and utilities at our India operations.

The following initiatives have supported our water conservation objectives:

- Spray balls provided for cleaning of reactors to minimize water consumption across facilities.
- Laundry water recycled and used as source water.
- Improved mechanism for recovery of condensate discharged from steam plant and equipment.

Our water recycling initiatives led to savings of 941 kiloliters / day (KLD) of freshwater consumption across our operations.

Our manufacturing plant in Malaysia has invested in new technologies to enable reuse of reject water for cooling towers. This has led to over 30% reduction in freshwater consumption between 2021 and 2023. We continue to explore possibilities to further reduce freshwater intake for routine process requirements. Biocon Biologics has implemented the Scaleban® technology across all its manufacturing locations to minimize water wastage. The technology involves use of waste water through a unique patented process for RO systems, thereby significantly reducing freshwater usage.



## Biodiversity Management

The conservation of biodiversity protects the natural environment and makes it more resilient. We are doing our bit within and around our facilities. Our campuses are home to more than 100 species of flora and fauna.

In Malaysia, employees have taken part in an environment conservation drive to clean water bodies, plant trees (2,000+ trees planted in 2022)

and various community service events.

Sustainability is the cornerstone of our business purpose and strategy. Our energy and environment management practices are not only helping build a healthier planet but are also helping people lead healthier lives.



# Social and Relationship Capital

**Biocon Biologics is driven by a humanitarian purpose to make healthcare affordable and accessible to even the poorest of patients.**

Affordability has always been a challenge to patients in LMICs, as well as to those who cannot afford insurance in many high-income countries. Over the years, we have built a strong, affordable innovation model, which has enabled us to lower the cost of lifesaving therapies and bring them within the reach of people suffering from chronic diseases like diabetes, cancer and autoimmune conditions. Our Corporate Social Responsibility reflects our purpose-driven business philosophy.

In FY23, our key focus was on improving access to high-quality, affordable biosimilars for the benefit of underserved communities in emerging economies, providing education and training for better disease management in LMICs, maintaining an ethical and responsible supply chain strategy, and helping communities around our operations live better by improving healthcare and civic infrastructure. Through Biocon Foundation, we are investing in building resilient solutions

around healthcare, education and environment.

## Enhancing Patient Access

Facilitating access to biologic therapies, particularly in noncommunicable diseases (NCDs) like cancer, diabetes and immunology, is an essential pillar in achieving Target 3.4 of the UN Sustainable Development Goals SDGs by 2030 – reduce mortality from NCDs and promote mental health. However, the formidable cost of these therapies takes up a significant portion of public and private drug spending, leaving many critical patients’ needs unmet. Biosimilars offer an equally effective option at an affordable cost, thus ensuring life-saving medicines are within reach for everyone.





## Highlights FY23

**₹50 million**

CSR spend in FY23\*

**~5.7 million**

Patients served through our biosimilars

**3.75+ billion**

Doses of rh-insulin provided to diabetes patients since 2004

**1.50+ billion**

Doses of bGlargine provided to diabetes patients in last 10 years

\* Cash spend



## Expanding Biosimilars Access

BBL has approvals for seven biosimilars in the Advanced Markets of U.S., Europe, Canada, Japan and Australia, where they benefitted over 500,000 patients in FY23. In the U.S., our programs in partnership with Viartis have ensured thousands of patients get access to our insulin and cancer products, helping a large percentage among them reduce their out-of-pocket expenses.

Being a member and board representative in the Association for Accessible Medicines and Biosimilars Council, Biocon Biologics is well positioned to make productive contributions to the

global biosimilars discourse, and relevant policies and initiatives.

We are developing a third-party stakeholder engagement strategy to help relevant business units identify stakeholders such as patient groups, think-tanks, physician groups, consumer and employer groups, etc.

Access to insulins is a serious challenge in LMICs, where ‘three out of four’ adults with diabetes live. Biocon Biologics is addressing this challenge of insulin inequity through our affordable and high-quality biosimilar insulins. The

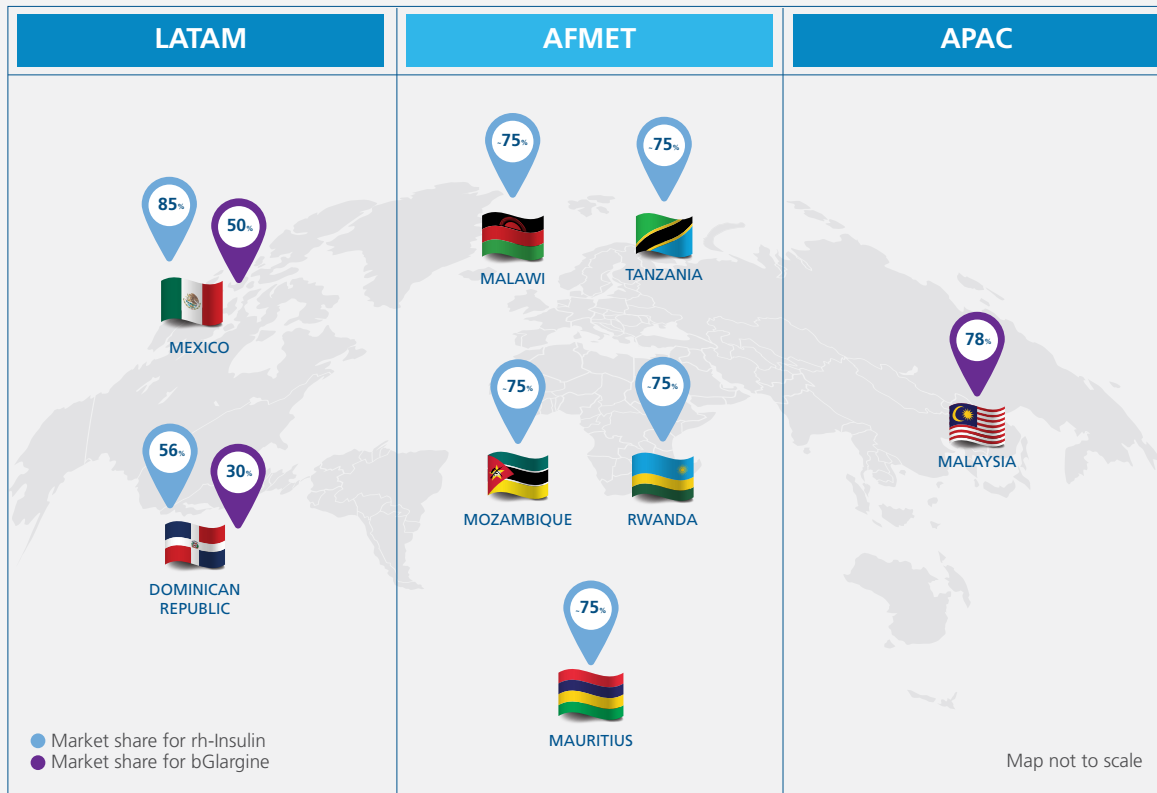
introduction of our products have provided an option to reduce diabetes treatment costs, improve accessibility to new insulin treatment options, and expand the number of insulin brands available to people with diabetes. In several LMICs, our insulins hold a dominant market share.



## Enabling Affordable Access to Insulins Worldwide

Program Name	Implementing Partner	Geographies
Addressing Type 1 Diabetes in India; a knowledge initiative	Research Society for the Study of Diabetes in India (RSSDI)	India
UMMEED: Patient Assistance Program for Diabetes Management in India		India
Building a diabetes management ecosystem	Reach52, Local Government	Philippines
Access to insulin for young Type 1 Diabetes patients in Southeast Asia		Myanmar

### Market Share for rh-Insulin and bGlargine in Some LMICs



### Ethical Sales and Marketing

We invest in training our sales and marketing executives to maintain the highest ethical standards, providing accurate and unbiased information about our products to healthcare providers and patients. During FY23, we did not receive any complaint of false or biased claims and malpractices related to marketing activities.

All our marketing and promotional activities are guided by a dedicated policy. It is currently being revised to account for regional requirements and best practices associated with marketing and promotional activities across the new markets where BBL will be front-facing, on

account of the business acquired from Viatrix.

### Sustainability Across Our Supply Chain

We have established a standalone Supplier Code of Conduct that delineates the processes and boundaries for our engagement and outlines our expectations in terms of ethical conduct, social responsibility, and environmental sustainability.

Our Human Rights Policy covers our suppliers' conduct on human rights. Details of the policy and provisions are mentioned in the Human Capital chapter.

Apart from this, as part of our supplier evaluation program, we collect data from these suppliers

that reflect on their business practices from an Environment, Social and Governance standpoint. No major shortcomings were found during the FY23 assessments for any of our suppliers.

### De-Risking the Supply Chain

Biocon Biologics has been proactive in mitigating possible risks throughout its supply chain. Instead of depending on a specific country for raw materials, we have established a supply chain in multiple regions across the world. This approach helps reduce the impact of geopolitical uncertainties, trade disputes, and natural calamities etc., on material movement.

## Our Responsibility to the Community

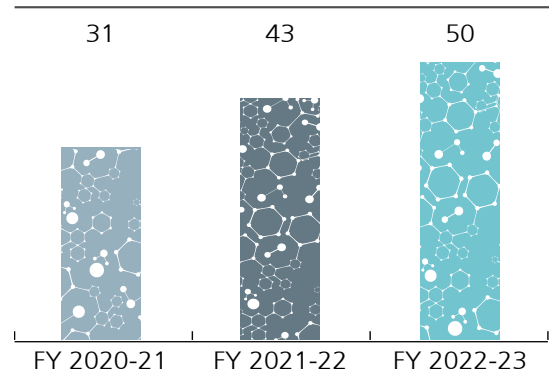
Taking care of the community and empowering people as responsible corporate citizens are key to meeting our growth objectives. Our Corporate Social Responsibility (CSR) arm Biocon Foundation is, therefore, integral to our commitment to improving people’s lives. We have made significant investments in various CSR programs aimed at enhancing access to quality healthcare, education, and civic infrastructure in India.

The company’s CSR activities are governed by a Board-constituted CSR & ESG Committee. The committee is chaired by Peter Piot and its members include Kiran Mazumdar-Shaw, Shreehas Tambe, Nivruti Rai and Thomas Roberts. The committee met four times over the financial year and all members attended them.

### Specialist Clinics

NUMBER OF PATIENT VISITS	
NCD CLINICS	<b>1,960</b>
GERIATRIC CLINICS	<b>838</b>
WOMEN WELLNESS CLINICS	<b>468</b>
INFANT WELLNESS CLINICS	<b>426</b>

### CSR Expense (₹ Million)



\*Cash spend



## CSR in Action

Through Biocon Foundation, we are investing in building resilient solutions around healthcare, education and environment.

### eLAJ Smart Clinics: Strengthening Delivery of Primary Healthcare in India

The eLAJ program was set up to support Primary Healthcare Centres (PHCs) through targeted health camps. It leverages technology to better capture patient data, improve quality of care and specifically address the burden of NCDs. Adopted in 3 private clinics and 20 government PHCs in Karnataka as a Public Private Partnership (PPP), eLAJ clinics cover a population of more than 9.86 lakh across 7 districts in the state.

#### Impacting Health of Our Communities

<b>69,850</b>	<b>1,05,400+</b>	<b>45,840+</b>
Beneficiaries	Patient Visits	Lab Investigations
(51% increase YoY)	(49% increase YoY)	(108% YoY)

The clinics have best-in-class diagnostics facilities and use Electronic Medical Record (EMR) system to digitize patient records, which are stored in secure servers, complying with industry-leading data protection protocols.

### Community Health Outreach

We have started a common cancer surveillance in small factories in Anekal, Karnataka. In FY23, over 1,100 women have been screened for breast cancer and 370 women were screened for cervical cancer.

We conducted awareness sessions on self- and clinical-breast examinations, menstrual hygiene, personal and hand hygiene, and the harmful effects of tobacco use. We also created health cards for more than 1,900 students across 16 schools.

### Post-Graduate Medical School and Hospital at IISc

To support excellence in clinical sciences and inter-disciplinary research, Biocon Foundation is funding the construction of a not-for-profit post-graduate medical school and hospital at the Indian Institute of Science (IISc), Bengaluru, expected to be completed by early 2025. The 832-bed hospital will have an academic and a residential complex covering a total area of 2.07 million sq. ft. The hospital will be equipped with state-of-the-art medical facilities and technologies. The facility will also host clinical research postgraduate programs



**“When we go to hospitals other than eLAJ, we have to explain our conditions, the medicines we are taking for diabetes and blood pressure every time we go. But this is not the case here, which saves us a lot of time.”**

- Patient, Hennagara



**“As soon as we enter, they register our name, phone number and send us to the doctor. Earlier, if we needed to take any specific tests, we had to go to private labs. But now, we have these facilities in PHC itself.”**

- Patient, Chikkaballapur

(MD/MS), along with a unique dual degree MD-PhD (MS-PhD) research program.

### Hebbagodi Metro Station

In 2020, the Biocon Foundation partnered with the Bangalore Metro Rail Corporation Limited (BMRCL) to finance the construction of the Hebbagodi Metro Station on Hosur Road, Bengaluru, which will significantly reduce the city’s traffic congestion and help in lowering the environmental impact from vehicular pollution. Out of the

₹650 million Biocon has pledged to contribute, ₹80 million was invested in FY23 by both Biocon Biologics and Biocon Limited. In recognition of our efforts, the Government of Karnataka issued an order in December 2020 to rename Hebbagodi Metro Station to 'Biocon Hebbagodi Metro Station' for a period of 30 years.

## Recognition of Community Development Efforts

On October 1, 2022, the eve of Gandhi Jayanti, Mahatma Award 2022 was conferred on Biocon Foundation under the Sustainable Cities & Communities category. This award was in recognition of various CSR initiatives implemented by the

Biocon Foundation to promote safe, affordable and sustainable transport systems, reduce the environmental impact of cities, and provide access to safe and inclusive public spaces, particularly for women and children.

## Stakeholder Communication

Biocon Biologics recognizes the importance of stakeholder engagement in building a strong reputation for the brand. It values the feedback from diverse stakeholders that helps in shaping the narrative for the Company's brand communication. The Company's public relations efforts are focused on building trust and transparency with its customers, partners, investors, analysts, journalists, HCPs, employees and other members of the society and community at large.

and works closely with internal stakeholders to collect information, identify key topics and develop brand stories with a compelling narrative. The team of experts uses effective key messages during content development to ensure a consistent brand voice that reflects the Company's core purpose and its value proposition. In addition to impactful content development, the

team ensures adherence to brand guidelines for a consistent visual identity, thereby augmenting brand recognition. The Biocon Group and Biocon Biologics GCT has been ranked amongst the Top 10 Corporate Communications teams of India over the last several years, including FY23.

Central to our communications strategy is the role of our Global Communications(GCT) and Investor Relations (IR) teams responsible for managing reputational risk and building the Company's trust with the stakeholders. The GCT comprises experts from public relations, digital and social media, advertising and brand communication, crisis management and marketing communication. It serves as the brand custodian for Biocon Biologics and helps build public perception for the Company. The GCT follows a robust process



The GCT's operating model of using inhouse talent and leveraging earned media and owned media channels have earned it a strong reputation in the industry.

All Brand Campaigns are shared through various communication platforms with internal and external stakeholders. By actively involving everyone, we strive to create shared value and foster long-term relationships based on trust, transparency, and collaboration. The Company communicates regularly with its stakeholders through various channels, such as digital campaigns, emails, personal meetings, social media campaigns, media stories, press releases, and investor relations updates. Through a two-way communication pathway, we are able to nurture a strong organizational culture built on empathy and mutual respect.

The GCT & Investor Relations teams demonstrate the impact we are making on patients and healthcare systems, engage communities, and inform and connect various stakeholder groups with each other and the organization. The Company also takes note of feedback and responds promptly to any concerns or issues that might arise. They are continuously working together with our stakeholders to create a positive impact and contribute to a healthier and more sustainable future.

## Channels and Platforms

To ensure effective communication with our stakeholders, we utilize a range of channels and platforms, including:

**Annual/ Integrated Reports:** We have been reporting on our operational and financial performance through Biocon's Annual Report for many years. Starting this financial year, Biocon Biologics is publishing its independent Integrated Annual Report that provides a combined overview of the Company's annual financial and non-financial performance. It illustrates how BBL is fulfilling its social responsibilities through business and social contribution to community services to gain the trust of its stakeholders. This is helping to build a strong foundation for sustained value creation.

**Website:** In addition to [www.biocon.com](http://www.biocon.com), Biocon Biologics has an independent website ([www.bioconbiologics.com](http://www.bioconbiologics.com)), which was recently developed with important content showcasing our journey of transforming healthcare, transforming lives. A more comprehensive website to portray the transformation of Biocon Biologics into a unique, fully integrated global biosimilars enterprise is under development. Once ready, it will be a central hub for stakeholders to access information about the Company. It will address the diverse needs of a wide array of stakeholders, including patients, potential employees, journalists, investors, researchers, HCPs, customers, partners, and the general public.

**Social Media:** Biocon Biologics maintains active social media profiles across platforms, such as LinkedIn, Twitter, Instagram, YouTube and Facebook. These channels are used to share business updates, Brand campaigns and people's stories to engage with our stakeholders.

**Stakeholder Meetings:** The Company conducts regular stakeholder meetings and forums to provide a platform for direct interaction and dialogue with key stakeholders, like the Quarterly Earnings Calls, Analyst Meetings, AGMs, Media Interviews, Press Meets, KOL Engagement, etc. These meetings allow for open discussions, feedback and also serve to address public concerns or expectations.

**Surveys and Feedback Mechanisms:** Biocon Biologics implements surveys and collects feedback from diverse stakeholders, including its people to assess stakeholder satisfaction, identify areas for improvement, and align its strategies accordingly.

**Industry Events and Conferences:** Participation in conferences and industry events allows BBL to showcase its value proposition and build a thought leadership position for Brand Biocon Biologics.

**Engagement:** These diverse channels and platforms facilitate knowledge sharing, networking, and collaboration with a diverse range of stakeholders, including HCPs, researchers, policymakers, and industry experts. screening services, educational programs, etc., are held on a regular basis. These activities build relationships, foster goodwill and demonstrate the Company's commitment to the wellbeing of the society.

**Community Service:** Biocon Biologics actively engages with its communities through its CSR arm, Biocon Foundation. Various initiatives such as health camps,



Stakeholder Group	Communication Channels Used <i>(Need-Based)</i>	Frequency of Communication <i>(Need-Based)</i>	Broad Inclusions (Topics Communicated)
<p>Group A</p> <ul style="list-style-type: none"> <li>• Customers / Partners</li> <li>• Healthcare-KOLs</li> <li>• Suppliers/ Vendors</li> <li>• Regulators/ Govt Agencies</li> </ul> <p>Group B</p> <ul style="list-style-type: none"> <li>• Industry Associations/ Trade Groups</li> <li>• Media Journalists</li> <li>• Investors</li> </ul> <p>Group C</p> <ul style="list-style-type: none"> <li>• Public at Large</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Newsletters</li> <li>• Publications</li> <li>• Product literature</li> <li>• In-person meetings</li> <li>• Websites</li> <li>• Webinars</li> <li>• Virtual events</li> <li>• Regulatory submissions</li> <li>• Public consultations</li> <li>• Sector-specific conferences/ seminars</li> <li>• Press releases</li> <li>• Media relations</li> <li>• Media interviews</li> <li>• Press conferences</li> <li>• SE filings</li> <li>• Investor meetings</li> <li>• Analyst calls</li> <li>• Shareholder meetings</li> <li>• Social media campaigns</li> <li>• Feedback surveys</li> </ul>	<p>Daily/ Weekly/ Monthly/ Quarterly/ Annually</p>	<p>Updates on</p> <ul style="list-style-type: none"> <li>• Business &amp; Financial Performance</li> <li>• Sales &amp; Marketing</li> <li>• Product Portfolio &amp; Launches</li> <li>• Market Trends &amp; Competitive Landscape</li> <li>• Supply Chain Management</li> <li>• Research &amp; Development</li> <li>• Clinical Trials</li> <li>• Intellectual Property</li> <li>• Regulatory, Compliance &amp; Legal Matters</li> <li>• Pharmacovigilance</li> <li>• Risk Management</li> <li>• Supplier Qualification &amp; Audits</li> <li>• Corporate News</li> <li>• Patient Stories</li> <li>• Policy &amp; Advocacy</li> <li>• Industry Best Practices</li> <li>• Sustainability &amp; Corporate Social Responsibility (CSR)</li> </ul>





# Governance, Ethics and Compliance

**At Biocon Biologics, corporate governance, business ethics, and compliance are the guiding principles of our operations. We make a consistent effort to conduct our business in line with the industry best practices**

The Board of Biocon Biologics comprises Executive, Non-Executive, Independent and Non-Independent Directors, giving us access to a specialized and independent governance structure.

With the aid of our policies, procedures, and management teams, our governance system promotes a culture of accountability and ethical behavior throughout the organization.

Going above and beyond what is mandated by law is necessary for effective governance compliance

and to meet the needs of stakeholders for more in-depth information. Hence, in addition to ensuring compliance with the Companies Act, 2013, our objective is to incorporate global best practices and widen our emphasis to encompass sound corporate governance principles and practices.

## The Role of the Board

The Board of Directors is the governing body of our Company and is responsible for overseeing our strategy and making management decisions on behalf of shareholders

and other stakeholders. The key purpose of our Board of Directors is to make collective decisions driving the management towards achieving the Company's goals while serving the interests of its stakeholders. The Board also provides advice and counsel on risk control practices and standard regulatory compliance to ensure the highest standards of corporate governance.



## Committees to the Board

The Board has constituted various committees to focus on specific areas and to make informed decisions within their authority. Each committee is directed by its charter that outlines its scope, roles, responsibilities and powers. All

decisions and recommendations of the committee are placed before the Board for its approval. The Company's guidelines relating to Board meetings are also applicable to committee meetings as far as is practicable. Each committee has

the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functions.

### Role of Board Committees



#### Audit Committee

Supervises our financial reporting process.

Provides direction to the audit function, monitors the scope and quality of internal and statutory audits.

Ensures accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

Is the link between our management, external and internal auditors, and our Board of Directors.



#### Nomination and Remuneration Committee

Recommends nominations for Board membership, succession planning for our senior management and Board.

Develops and recommends policies with respect to composition of our Board.

Establishes criteria for selection of Board Members and determines overall compensation policies.

Administrates the Employee Stock Ownership Plan (ESOP).



#### Risk Management Committee

Assists our Board of Directors in timely identification, assessment, and mitigation of risks (i.e. financial, operational, strategic, regulatory, statutory, reputational, political, catastrophic and others).

Monitors and approves the Enterprise Risk Management framework and addresses and monitors these risks.



#### CSR and ESG Committee\*

Identifies the areas of CSR activities, its implementation and adopts Annual Action Plan.

Embeds CSR & ESG into the business and mobilizes resources and expertise for the initiatives.

Oversees the Company's ESG program, strategy, initiatives, execution and disclosures.

Makes strategic grants to support worthwhile projects/programs, carrying out periodic reviews and reporting with respect to CSR and ESG activities.

Ensures continuous compliance with statutory requirements, including formulation and amendment of the CSR Policy.

\*CSR and ESG Committees were merged into a single Committee w.e.f July 26, 2022. Shreehas Tambe was inducted as a member of the Committee with effect from February 13, 2023.

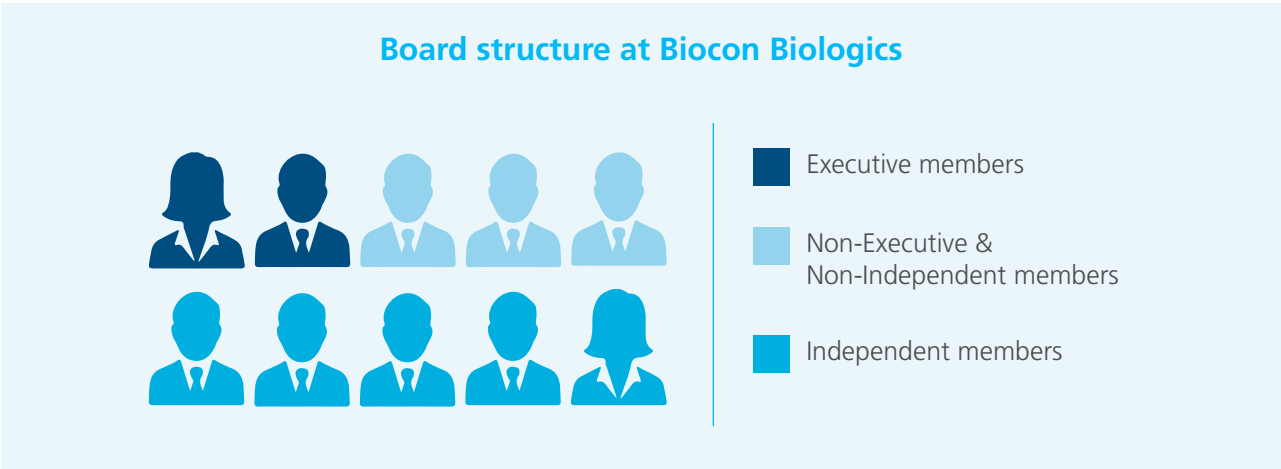
### Diversity within the Board

Biocon Biologics has a diverse Board bringing in a range of perspectives and experiences that improve decision-making and overall corporate governance, and leads to a relationship of trust with our stakeholders, as reflected in our Board Diversity Policy. Our Nomination and Remuneration

Committee follows the provisions of Section 178 of the Companies Act, 2013, to evaluate candidates for Board membership. Following this, a resolution is proposed for appointment of the Director before the Company shareholders.



**20% of the Biocon Biologics Board members are women**

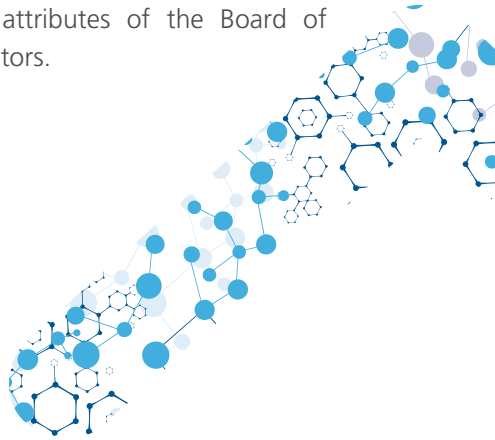


### Board Effectiveness

Board members hold regular meetings with our management team to ensure they can effectively shoulder their responsibilities. Invites for certain key management meetings are also shared with

members of the Board for their guidance and counsel. For details on the number of meetings Board members attended during FY23, please refer to the Corporate

Governance Report. The Report also has details on Board evaluation and key expertise and attributes of the Board of Directors.



## Ethics and Compliance

At Biocon Biologics, fostering a culture where ethics and compliance are prioritized at all times is a constant endeavor. Our Code of Conduct serves as the foundation of this vision and also sets the tone for our compliance program. The Code of Conduct further shapes ancillary policies that add to ethical practices, for example, supplier code of conduct, human rights, etc. We ensure that these ancillary policies are updated to account for the changing dynamics of both the Company and the social structure it operates in.

The Company provides regular training to all employees on the Code of Conduct, including new hires who must complete mandatory programs as part of their onboarding process. We also have a mandatory Anti-Bribery and

Anti-Corruption training program for employees.

The Company encourages an environment that promotes compliance with all applicable laws and regulations and gives employees the guidance they need to uphold the Company's commitment to transparency and integrity in all business dealings. Our Ethics and Compliance department contributes to creating that environment, which is based on the principles of prevent, detect and respond.

The Company has a Zero Tolerance approach to violations and this is consistent with our commitment towards the principles of integrity, transparency, accountability, and business ethics that are embedded in our DNA.

## Human Rights

Biocon Biologics is committed to respecting and promoting human rights in all its operations. Our Human Rights Policy ensures our employees are treated fairly and with dignity, and that we do not engage in any practices that violate internationally recognized human rights standards. We have a Zero Tolerance policy towards discrimination and harassment on the basis of race, ethnicity, gender, sexual orientation, age, religion, disability, etc. You can find more details on our Human Rights Policy in the Human Capital chapter.



## Establishment of Vigil Mechanism

The Vigil Mechanism, as envisaged in the Companies Act, 2013, and the rules prescribed therein are implemented through the Whistleblower Policy. This enables the Directors, employees and all the stakeholders of the Company to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct, to provide for adequate safeguards against victimization of persons who use the mechanism and make provisions for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The Company adheres to uncompromising integrity and strictly abides by well-accepted norms of ethical, lawful and moral conduct. It has Zero Tolerance for

any form of unethical conduct or behavior. During the year, the Company received 16 complaints, which are neither material individually nor in aggregate. The Biocon Group Integrity Policy is applicable to the Company. The Vigil Mechanism is established under this policy, which can be accessed at: [https://www.biocon.com/docs/Biocon-Integrity-and-Whistle-Blower-Policy\\_2020.pdf](https://www.biocon.com/docs/Biocon-Integrity-and-Whistle-Blower-Policy_2020.pdf)

## Redressal for those who Raise Concerns

The Directors, employees and all the stakeholders of Biocon Biologics can take their complaints to the Company’s Integrity Committee (IC), which is responsible for investigating claims of unethical behavior. Our Integrity and Whistleblower Policy encourages everybody to disclose such claims without fear of retaliation. The IC’s

job is to evaluate the whistleblower’s report and take necessary corrective action. The IC receives quarterly updates on the status of the most important investigations. Concerns of any nature can be raised at [integritybiologics@biocon.com](mailto:integritybiologics@biocon.com)

## Strategic Tax Disclosure

We have released our Tax Policy and our Tax Transparency Report, which explain how we handle tax obligations while operating a business in a responsible and ethical manner.

## Reporting Breaches

Corruption, bribery, harassment, confidentiality, conflicts of interest, money laundering and insider trading are just a few of the areas where we actively report on the overall number of breaches or incidences.

### Incidents Reported in FY23



# Risk Management

Risks are inherent in any business operation and as our operations are spread out across multiple geographies across the world, these risks become further amplified. The Company has put in place an enterprise-wide risk management framework with an objective of timely identification, assessment and evaluation of risk in line with overall business objectives and define adequate mitigation strategy.

The Board has constituted a Risk Management Committee (RMC), which is composed of experienced personnel from various functional areas to ensure broader perspectives, subject matter expertise, a comprehensive and holistic assessment of risks across the Company’s business operations. The RMC would primarily assist the Board in:

- Monitoring and reviewing the Risk Management framework and to perform such other functions as may be defined and delegated by the Board and as may be mandated by applicable laws and regulations, as in force from time to time.
- Timely identification, evaluation, assessment, and mitigation of various categories of risks encountered by the Company,

which are elaborated in the Risk Classification table below.

Each quarter, the RMC reviews critical risks on a rotational basis in line with the mitigation progress and/or effectiveness and its impact on overall risk exposure of the Company. All the critical risk areas are re-evaluated at least once a year.

Mitigation actions by the risk owners concerned are reviewed and their progress is discussed with the Functional Heads, Executive Leadership Team, and the Risk Management Committee of the Board of Directors. These include:

- (i) Updates on the progress of mitigation of key risks and
- (ii) Specific risk-related initiatives carried out during the review period.

## Risk Identification and Classification

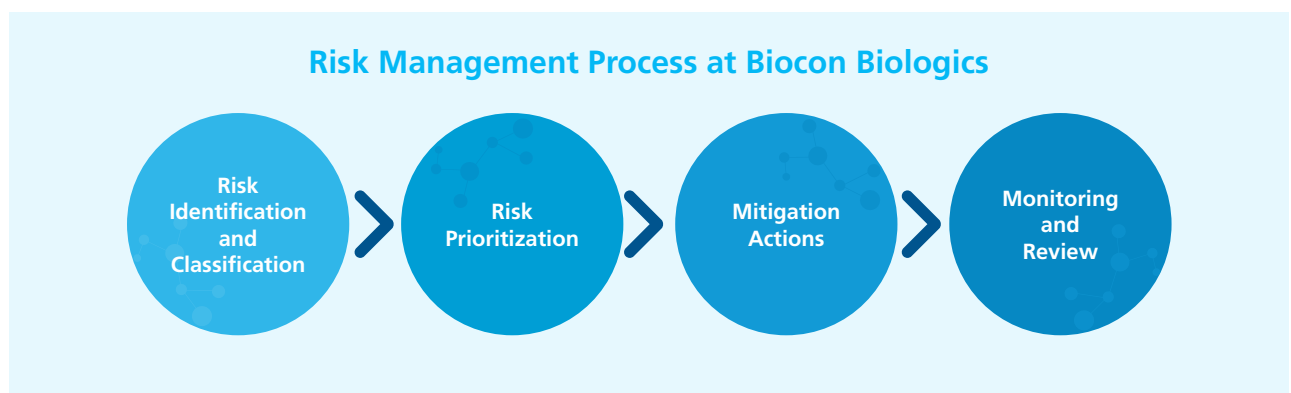
A thorough risk assessment, which aids in the efficient identification of key risks across organizational functions, is the first step in Biocon Biologics’ risk management process. To ensure consistency and equal rigour when it comes to risk identification:

- Risk assessment is an ongoing systematic process that must be carried out at regular intervals and is aligned with global frameworks and risk assessment principles.
- Our risk identification process aims to identify significant risks that could have a negative impact on Biocon Biologics’ objectives and targets.
- Next, we classify the risks identified into various themes.



This also enables us to strategically plan resource allocation for risk management and mitigation. The Executive Leadership Team, Head of Risk Management, and department heads regularly review the identified risks.

Our Risk Governance Structure	
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Reviews the risk management and internal support framework</li> </ul>
<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>Reviews effectiveness of risk management framework</li> <li>Recommends changes to the risk management and/or associated frameworks, processes, and practices of the Company</li> </ul>
<b>Executive Leadership Team</b>	<ul style="list-style-type: none"> <li>Provides direction and ensures sustainable implementation of risk framework</li> <li>Reports the outcome of periodic review of risk management to the Board of Directors and Risk Management Committee</li> </ul>
<b>Head of Risk Management Team</b>	<ul style="list-style-type: none"> <li>Coordinates with Executive Leadership Team and Functional Heads and assists in carrying out risk identification, assessment, prioritization, and mitigation activities</li> <li>Prepares consolidated risk reports and presents to senior leadership and Risk Management Committee</li> </ul>
<b>Department and/or Functional Heads</b>	<ul style="list-style-type: none"> <li>Directs and implements risk management initiatives pertaining to their team and department</li> <li>Conducts review of risk mitigation procedures.</li> </ul>







## Risk Prioritization

It is necessary to prioritize the risks that have been identified so that attention may be focused on those risks that have a major influence on the organization's ability to fulfill its goals and objectives as defined. As a result, we rank risks in accordance with these three fundamental criteria:

- Significance of the Impact
- Likelihood of the Occurrence
- Effectiveness of Existing Mitigation Plans

A grading system has been devised that applies to all three categories in order to assist in the identification of qualitative and quantitative criteria.

These levels assist in appropriately assigning a risk's gross rating and, consequently, in prioritizing risks in accordance with the Group's risk appetite. The urgency with which the identified risks need to be mitigated and managed is

determined by the level of risk appetite that we have.

The process of risk prioritizing is a continuous one, and it is the duty of the whole Risk Management Governance team, starting at the Board level and working its way down via department and function heads.

### Mitigation Actions

Our risk management process is linked with the day-to-day operations of the organization to ensure that it is cohesive and successful in its management of risks. We control and limit risks by embodying the 5 Ts approach: "Treat, Terminate, Transfer, Tolerate and Take Advantage", with the goal of bringing the risk down to an acceptable level.

### Monitoring and Review

We have a comprehensive risk monitoring and review process, the purpose of which is to provide

assurance to the management that the risks have been adequately identified and prioritized, and that significant risks have been mitigated. The primary point of contact throughout the monitoring and review process is the Head of Risk Management, who is accountable for keeping the Board of Directors and the Executive Leadership Team informed of any alterations to risk libraries, prioritization ratings and mitigation plans.

The Head of Risk Management leverages processes such as assistance for external assurance, auditing as well as self-assessment forms to track risks and determine risk exposure. Both the Risk Management Committee and Board of Directors are provided with a report that provides specifics on the risk management system on a quarterly basis.

## Current Risks

The inherent risks associated with product quality and safety, IP and data protection, regulatory compliance, marketing and financial matters are constant sources of concern in the global pharmaceutical sector. Biocon Biologics has created successful mitigation plans using the 5 Ts approach for all identified risks by putting our risk management framework into practice and collaborating closely with internal stakeholders. We have outlined our key business risks and the mitigating measures we placed to address them.



Risk	Risk Prioritization and Description	Mitigation Plan
<p><b>Integration &amp; Migration Risk:</b> On account of acquisition of Viatris' global biosimilars business.</p>	<p>Seamless integration of people, processes, technology and aspects related to commercial terms and contracts between two originally different entities could be a time-taking process.</p>	<p>Up to a two-year Transition Services Agreement during which Viatris continues to provide commercial and other transition services to ensure business continuity.</p> <p>A robust governance structure with senior leaders from both Viatris and Biocon Biologics has been formed to ensure a smooth transition.</p> <p>Dedicated Integration Management Office (IMO) set up to track and monitor the integration.</p> <p>Leveraging expert advisors for the overall integration planning exercise.</p>
<p><b>Regulatory/Statutory Risk:</b> Non-compliances or delays in obtaining regulatory approvals from authorities.</p>	<p>Pharma and Biopharma companies are subjected to multiple regulatory and legal requirements, a lot of which might vary across geographies.</p> <p>Any cases of noncompliance or gap may result in disruption of operations.</p> <p>Delay in commercialization of new products.</p>	<p>Continuous monitoring and ensuring GMP compliance.</p> <p>Creating awareness of regulations and statutes within relevant teams.</p> <p>Obtaining advice by external experts in the field.</p> <p>Monitoring regulatory changes across the geographies we serve.</p>
<p><b>Financial/Commercial Risk:</b> Failure to meet the forecasted business growth plans in the markets where the Company is operating.</p>	<p>Potential impact on growth and business plans.</p>	<p>The Commercial teams conduct comprehensive competitive &amp; landscape analysis before entering a new market and continue to monitor entrants and other market dynamics.</p> <p>Continuous evaluation of new product launches in existing markets &amp; entry into new markets.</p>

Risk	Risk Prioritization and Description	Mitigation Plan
<p><b>Infotech &amp; Cybersecurity Risk:</b> Arising out of Inability to have adequate defense mechanism to cyber attacks.</p> <p><b>Lack of effective Disaster Recovery mechanism:</b> Data Loss through employees/ external parties, leading to a reputational and financial impact.</p>	<p>An event of a breach, data theft or system downtime can lead to disruption of operations, penalties, legal proceedings, reputational loss, etc.</p>	<p>The Company has set up a Cyber Defense Centre and a Security Operations Center as key defense mechanisms against any potential threats.</p> <p>Adequate backup mechanism for all critical applications, including Enterprise Resource Planning.</p> <p>Restrictions placed for external transfer of data by employees.</p> <p>Data Processing Agreement developed and agreed with vendors who have exposure to BBL's data.</p>

## Emerging Risks

The global pharmaceutical business is vulnerable to a wide range of emerging risks that have the potential to cause major disruptions to both our operations and our entire value chain. We have collaborated with our stakeholders to get a better understanding of these risks.

**Failure to Mitigate Climate Change:** Climate change mitigation has gained significant traction in recent years and related actions are being adopted by corporations, government and individuals. While this is a positive shift, climate-related publications repeatedly show that the efforts and commitments are not enough to limit global temperature rise to 1.5 degrees Celsius by the end of the century. If this holds true, the projected impact on communities, including

the global business ecosystems, would be a cause for concern. Rise in global temperature and sea levels, erratic weather events characterized by recurring droughts and floods have the potential to affect business, governments and individuals alike, the effects of which are pronounced further in the low- and medium-income countries due to the inherent lack of capacity to bounce back.

Biocon Biologics has been reducing climate change impact through various pro-active initiatives. These include a focus on energy-efficient manufacturing systems both in India and Malaysia as well as transition to green energy sources. The Natural Capital chapter in this report has more details about these initiatives.

**Geopolitical Risks:** Geopolitical

risks include the collapse of a multilateral institution, interstate conflicts, terrorist attacks, etc. Any occurrence of this nature has the potential to severely disrupt our operations along with irreparable damage to life, access to medicines, livelihood and the ecosystem.

Biocon Biologics is consistently monitoring the regional policies and statutes in the different countries where our products are marketed and sold to ensure compliance.

Our focus is to make healthcare more accessible to the Low- & Middle-Income Countries and developing countries and reduce the prevalence of diseases in underserved regions with local laws of the land.

## Cultivating a Cohesive Risk Culture

By creating a culture of proactive risk management, acceptance, awareness and identification, we enable an environment where risk management is a natural part of Biocon Biologics' ethos in addition to assuring the stability and effectiveness of our risk management systems and procedures. We believe organizational risk awareness and the capacity to see problems early on strengthen the case for effective risk management. Hence, a cohesive risk culture is important to us, and we work to improve it every year.

Below are some of the initiatives Biocon Biologics has taken to cultivate a robust risk culture:

- We place a strong emphasis on teaching all our employees, senior management and Board members about the value of risk detection, mitigation and management as part of our risk culture.
- Additionally, we give our employees the tools they need to proactively spot and report risks across the entire organization, all the while offering incentives that take risk management metrics into account and making sure that risk management standards are taken into account during the HR review process.
- In order to ensure ongoing improvement in risk management systems and procedures, Biocon Biologics

also believes in giving and receiving frequent feedback. As a consequence, we have made it possible for our employees to both provide and receive feedback.

- Finally, to guarantee smooth product manufacture and deployment, we make sure risk management procedures are put in place throughout the product development process and operations value chain.

### Internal Financial Controls

The Company has laid down certain guidelines, processes and structures, which enable implementation of appropriate internal financial controls across the organization. These encompass policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The control processes cover manual and IT applications, including ERP applications wherein transactions are approved and recorded. Appropriate review and control mechanisms have been put in place to ensure the control systems are adequate and are operating effectively.

Inherent limitations of internal financial controls, including the possibility of collusion or

improper management override of controls, might lead to material misstatements in financial reporting due to error or fraud and go undetected. The Company has, in all material respects, an adequate internal financial controls system operating effectively. It is based on the internal control criteria established by the Company that includes the essential components stated in the guidance note on audit of internal control on financial reporting issued by the Institute of Chartered Accountants of India.

### Internal Audits

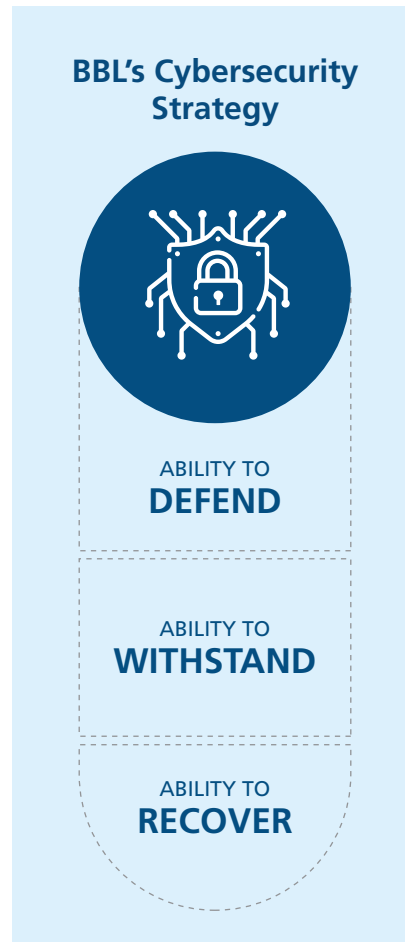
The Corporate Internal Audit team is an independent assurance and advisory function, responsible for evaluating and improving the effectiveness of controls and governance processes. The internal audit team helps to enhance and protect organizational value by providing risk-based objective assurance, advice and insights. The internal audit team prepares annual audit plans based on risk assessment and the same is approved by the Audit Committee of the Board. The Head of Internal Audit presents an update on a quarterly basis to the Audit Committee.

## Securing our Digital Footprint

As we embark on a digital transformation journey, we are continuously expanding our digital footprint. And as we move towards greater digitalization, the availability of all essential digital information and computing infrastructure is critical for our business to continue operating as usual.

The Office of the Chief Information Security Officer (CISO) supports Biocon Biologics' digital transformation initiatives by investing in abilities to defend, withstand and recover from disruptions. They use world-class technologies and expertise to reduce the risks of such disruptions. All business functions participate through information security working groups, which consist of business experts who identify and govern processes and procedures for information protection.

The Office of the Group CISO has incorporated a Zero Trust Approach to defend against known and unknown threats. Access to Company information is limited to a need-to-know basis and relevant internal controls are monitored to ensure principles of least privilege access that apply both internally and externally. We have partnered with industry leaders who provide us with intelligence on data leakage across the Internet and cloud services. We expect all our partners to provide solutions that will protect Biocon Biologics' information by design. Violations of the Company's policies are addressed through disciplinary actions and are closely monitored.



Our computers contain mechanisms to detect and respond to threats as and when they occur. Approved mobile users are prevented from copying Company data to other programs. Security gateways and intrusion detection mechanisms protect against attacks on our digital infrastructure, including capabilities that use Artificial Intelligence and Machine Learning to configure defenses. Our participation in security communities in India and outside also helps us update defenses proactively as we learn from other experiences.

Assessing and monitoring our digital computing infrastructure is an ongoing program, and we work with industry experts to continually assess and remediate vulnerabilities and other weaknesses as we discover them. Our information security program is aligned to the guidelines and regulations required by authorities within and outside the countries we operate from, and is certified to ISO 27001:2013. Aligning to industry standards helps us maintain continuous rigor of training everyone with access to Biocon Biologics information at least annually. We regularly host Townhalls and other Cybersecurity Awareness campaigns.

No significant instances of data theft/misuse /breach were observed in FY23.



# Awards & Recognition



## Biocon Biologics (including Biocon)

### Sustainability

- Continued listing in DJSI Emerging Markets Index for the second consecutive year, ranking in the 90th percentile of Biotechnology companies.
- Scored 52 in 2022 S&P Global's Corporate Sustainability Assessment, inducted into S&P DJSI's "Sustainability Yearbook" as an "Industry Mover."
- Received Silver Medal from EcoVadis for sustainability accomplishments. An overall Score of 66 puts Biocon in the 89th percentile in 2022 Assessment.
- Received CDP scores of 'B' in Water and 'C' in climate change.

### Diversity, Equity & Inclusion (DEI)

- Ranked 8th in Pharma, Biotech & Biopharma category on the 'Global Top Employers' List by U.S. Science Magazine for the 10th consecutive year.
- Recognized by 'UN WEP as a winner in the 'India - Transparency and Reporting' category.
- Recognized by UN Women in multiple categories for embracing Women's Empowerment Principles.
- Featured in Avatar's '2022 Exemplars of Inclusion' in the Most Inclusive Companies Index & Best Companies for Women in India.
- Chosen as one of the 'Most Preferred Workplaces in Manufacturing 2022' by Team Marksmen.
- Best Women Employer Award received from Economic Times in association with Femina.

### DEI: JobsforHer Recognition

- Top 5 Most Innovative Practices Women Leadership Development.
- Top 20 Companies in DivHERsity (Large Enterprises).
- Top 20 Most Innovative Practices DivHERsity Policies.
- Top 20 Most Innovative Practices Women L&D Programs.
- Top 20 Most Innovative Practices Women Returnee Programs.
- Top 20 Most Innovative Practices DivHERsity Programs.

## Global Communications

- Biocon Group Global Communications Team has been consistently ranked among the Top 10 Corporate Communications Teams of India, including in FY23.
- The “SheInspires” corporate brand campaign won silver awards at the India PR and Corporate Communications Awards for “Most Innovative Use of Social Media”, and at the Velocity Awards for “Best Use of Digital for Internal Communications”.
- Ranked amongst Top 25 Brands with best In-House Communications Professionals by e4M (exchange4media).

## Intellectual Property

- Won CII’s Special Appreciation IP Award 2022 for robust in-house IP strategies and creating a large portfolio of patents & trademarks.

## Safety

- Won ‘Gold Award’ for ‘Outstanding Achievement in Safety Management in the Pharmaceuticals Sector’, at the 17th Annual Greentech Safety Awards.
- Won Greentech-Safety Excellence Award for demonstrating excellent performance toward maintaining a safe workplace for employees and stakeholders.



# Biocon Biologics

## Intellectual Property

- Won ASSOCHAM’s 2nd IP Excellence Award 2022 for Best IP Portfolio (Life Sciences).
- Featured on the 2022 Asia IP ELITE list by IAM for world-class IP management and value creation in Asia-Pacific.

## Operational Excellence

- FTM Training Program (First Time Managers Program) won the Leap Vault Chief Learning Officers (CLO) Awards 2022 for “Best Blended Learning Program (Biopharma).”
- Recognized as a Company with Great Managers at the Great Manager Awards (GMA) 2022.

## Safety

- Won State Level Safety Award for “Implementation of Best Safety Practices” from the Government of Karnataka (Karnataka State Safety Institute, Department of Factories and Boilers).
- Won Unnatha Suraksha Puraskar from the National Safety Council, Karnataka Chapter.

## Other Awards

- Biocon Biologics’ Malaysia Facility won the prestigious ‘Bioprocessing Excellence in South Asia’ Award at the Asia-Pacific Bioprocessing Excellence Awards (ABEA) 2023.
- Honored with ‘Appreciation Award’ at the Biosimilars Workshop 2023 organized by the Institute of Chemical Technology (ICT).
- Won Indian Drug Manufacturers’ Association’s (IDMA) Best Biotech Patents Award 2022.

# UNGC Alignment

Principle	Statement	Report Chapter	Page Number
<b>Human Rights</b>			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Human Capital	88
Principle 2	Make sure that they are not complicit in human rights abuses	Human Capital	88
<b>Labor Rights</b>			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human Capital	88
Principle 4	Eliminate all forms of forced and compulsory labor	Human Capital	88
Principle 5	Abolish child labor	Human Capital	88
Principle 6	Eliminate discrimination in respect of employment and occupation	Human Capital	83
<b>Environment</b>			
Principle 7	Businesses should support a precautionary approach to environmental challenges	Natural Capital	89-92
Principle 8	Undertake initiatives to promote greater environmental responsibility	Human Capital	89-92
Principle 9	Encourage the development and diffusion of environmentally-friendly technologies	Human Capital	91
<b>Anti-Corruption</b>			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Governance and Ethics	108



# FY23 at a Glance



## Financial Highlights

Revenue: ₹55,838 million (USD 681 mn\*)  
EBITDA: ₹13,381 million (USD 163 mn)  
R&D Spend: ₹8,890 million (USD 108 mn)



## Other Highlights

### Biosimilars Portfolio

- 20 biosimilars targeted at oncology, immunology, diabetes, ophthalmology, bone health and other therapeutic areas
- 85+ cGMP approvals received so far
- 8 Biosimilars commercialized in global markets
- >10% market share for Ogivri, Fulphila, Semglee in the U.S.
- 35+ launches in markets worldwide in FY23
- ~5.7 million patients served globally

### Environmental

- Green power: 44%
- Treated wastewater recycled\*\*: 100%
- Energy offset achieved: 70,450 MWh

### Social

- Share of women in workforce: 24%
- CSR spend\*\*\*: ₹50 million
- Patient benefitted at eLAJ clinics: ~70,000

### Governance

- Published 1st standalone Integrated Report
- Joined UN Global Compact

## Responsibility Statement

The Management firmly believes that the contents of the Integrated Annual Report are a fair representation of the Company's financial, non-financial and operational performance and captures the relevant material topics for FY23. The contents have been developed in close consultation with functional heads and subject matter experts equipped with in-depth knowledge of the Company's operations.

### Feedback

We value your feedback on the report.

Please write to us at:

Group.Communications@biocon.com

\*Fx rate - 1 USD = ₹82

\*\*BBL+BBL

\*\*\* Cash spend

# Financial Report

<b>Statutory Reports</b>	<b>Page No.</b>
➤ Board's Report	123
➤ Corporate Governance Report	153
➤ Management Discussion & Analysis	173

## Financial Statements

➤ Standalone Financial Statements	184
➤ Consolidated Financial Statements	250

A Supplementary Data Book is being released with the Integrated Annual Report that includes BRSR, GRI Index & ESG Data Book.

# Board's Report

# Board's Report

Dear Shareholders,

The Board of Directors hereby present the 7<sup>th</sup> (Seventh) Annual Report on the business and operations of Biocon Biologics Limited ("the Company") together with the Audited Standalone and Consolidated Financial Statements and the Auditor's Report of the Company for the financial year ended March 31, 2023 ("FY 2022-23").

## 1. COMPANY'S FINANCIAL INFORMATION

### I. Financial highlights - Standalone and Consolidated

Particulars	(Amount in ₹ million except EPS)			
	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue from operations	20,924	23,625	55,838	34,643
Other income	969	103	120	104
<b>Total income</b>	<b>21,893</b>	<b>23,728</b>	<b>55,958</b>	<b>34,747</b>
Total expenses	27,106	22,001	51,928	29,315
<b>Profit before tax and exceptional item</b>	<b>(5,213)</b>	<b>1,727</b>	<b>4,030</b>	<b>5,432</b>
Exceptional item	(38)	(804)	(2,844)	(804)
<b>Profit before tax</b>	<b>(5,251)</b>	<b>923</b>	<b>1,186</b>	<b>4,628</b>
Provision for tax	(798)	63	(149)	803
<b>Profit after tax</b>	<b>(4,453)</b>	<b>860</b>	<b>1,335</b>	<b>3,825</b>
Earnings per share (EPS) before exceptional item	(3.79)	1.35	3.33	4.15
Earnings per share (EPS) after exceptional item	(3.82)	0.81	1.14	3.61

### II. State of Affairs of the Company

#### A. Standalone financial performance

The key highlights of the Company's standalone financial performance during FY 2022-23 are as under:

- Revenue for FY 23 was at ₹ 20,924 Mn as against ₹ 23,625 Mn in FY 22.
- Profit/ (Loss) after tax at ₹ (4,453) Mn in FY 23 lower compared to ₹ 860 Mn in FY 22 due to higher spends on research and development, finance cost and depreciation and amortization during the year.

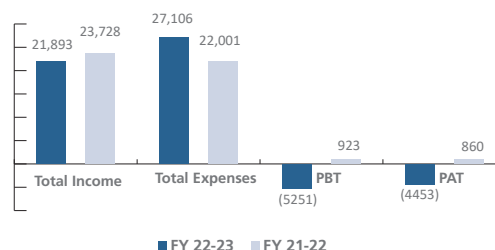
#### B. Consolidated financial performance

The key highlights of the Company's consolidated financial performance during FY 2022-23 are as under:

- Revenue for FY 23 at ₹55,838 Mn representing growth of ~61% over FY 22.
- EBITDA margins excluding exceptional items was 24% in FY 23 as compared to 29% in FY 22. Lower margins due to higher spends on research and development.
- Profit after tax at ₹ 1,335 Mn in FY 23, lower compared to ₹ 3,825 Mn in FY 22 primarily due to higher spends on research and development and exceptional expenses.

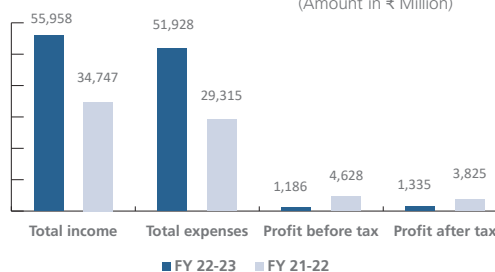
#### Standalone Financial Performance

(Amount in ₹ Million)



#### Consolidated Financial Performance

(Amount in ₹ Million)



For further details on the Company's performance, please refer to the Management Discussion and Analysis Report ("MD&A") which form part of this Report.

## 2. MAJOR EVENTS OCCURRED DURING THE FINANCIAL YEAR 2022-23

There has been no change in the nature of business of the Company during the financial year 2022-23.

The major events occurred during the year are as below:

### A. Acquisition of Viatris' Biosimilars Business

During the FY 2021-22, the Board of Directors of the Company had approved the acquisition of biosimilars business/ assets of Viatris Inc., subject to necessary regulatory and other approvals, at their meeting held on February 27, 2022.

Viatris which was an existing business partner of the Company, a global healthcare company formed in November 2020, through the combination of Mylan and Upjohn (previously a division under Pfizer).

During the financial year 2022-23, the Company has completed the acquisition of the biosimilars business/ assets of Viatris Inc. on November 29, 2022, through:

- (i) Purchase of 100% stake in Biosimilars Newco Limited ("BNCL") a company incorporated in the United Kingdom; and
- (ii) Purchase of 100% stake in Biosimilar Collaborations Ireland Limited ("BCIL") indirectly through Biocon Biologics UK Limited, a company incorporated in Ireland.

Pursuant to such acquisitions, BNCL and BCIL have become subsidiaries of the Company.

For completing the transaction, the Company has issued Compulsorily Convertible Preference Shares (CCPS) valued at USD 1 Billion and made an upfront cash payment of USD 2 Billion to Mylan Inc. To fund the upfront payment, Biocon Biologics UK Limited / Biosimilars Newco Limited, wholly owned subsidiaries of the Company has secured USD 1.2 Billion of Sustainability Linked Loan. The balance was funded through an equity infusion of USD 800 Million from BBUK into BNCL and BCIL.

To ensure business continuity and gradual integration of people and business activities, Mylan Inc will provide commercial and other services to ensure a seamless transition and continued service to patients and customers.

The integration of Viatris' acquired global biosimilars business and the Company's existing capabilities in research and development, global scale manufacturing and commercialization in several emerging markets, positions the Company as a unique, fully integrated, leading global biosimilars player that is well placed to provide equitable access to high quality, lifesaving biosimilar medicines to patients across the globe. With the completion of acquisition of Viatris biosimilar business, the Company has created direct commercial presence in many global markets that allows the Company to devise more sustainable and targeted strategies to make biosimilars available to the maximum number of people and strengthen national healthcare systems.

### B. Withdrawal of Scheme of Merger by Absorption of Covidshield Technologies Private Limited with and into the Company

The Company had entered into a Merger Co-operation Agreement on September 16, 2021 with Serum Institute Life Sciences Private Limited ('SILS') and Covidshield Technologies Private Limited ('CTPL') ('Transferor Company') towards the proposed merger by absorption between CTPL with and into the Company ('Transferee Company').

The Scheme of Merger by absorption of CTPL with and into the Company ("Scheme") was filed by Company and CTPL for approval of National Company Law Tribunal ('NCLT') Bengaluru Bench and NCLT Mumbai Bench respectively.

During the year under review, the Scheme was approved by the Hon'ble NCLT, Bengaluru Bench vide its order dated January 5, 2023, under the provisions of Section 230 to 232 of the Companies Act, 2013.

While the Transferor Company was awaiting approval from the Hon'ble NCLT, Mumbai Bench, the Company and SILS have opted to withdraw from the original equity structure contemplated under their Strategic Alliance announced in September, 2021.

### 3. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

The material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. March 31, 2023 and as on the date of this report are set out below:

- a) The Company and SILS have opted to withdraw from the original equity structure contemplated under their Strategic Alliance announced in September 2021. The new terms of strategic alliance has allowed the Company to have access to 100 Million doses of vaccines annually together with the distribution rights to Serum's Vaccine portfolio which adds to the Company's product portfolio for global markets. As per the new terms of the strategic alliance, SILS has made an additional equity investment of US\$150 million through the conversion of the US\$150 million loan provided to Biocon Pharma Limited, a wholly owned subsidiary of Biocon Limited, into equity share capital in the Company.
- b) The Board of Directors and Members of the Company, at their respective meetings held on May 11, 2023 and May 12, 2023, have approved the issuance of Series A Compulsorily Convertible Debentures ("**Series A CCDs**"), each having face value of ₹ 10 (Indian Rupees Ten) at a premium of ₹ 270.74 (Indian Rupees Two Hundred Seventy Paise Seventy Four), for an aggregate consideration of ₹ 142,50,00,000 (Indian Rupees One Hundred and Forty Two Crore and Fifty Lakhs), Series B Compulsorily Convertible Debentures ("**Series B CCDs**"), each having face value of ₹ 10 (Indian Rupees Ten) at a premium of ₹ 270.74 (Indian Rupees Two Hundred Seventy Paise Seventy Four), for an aggregate consideration of ₹ 7,50,00,000 (Indian Rupees Seven Crore Fifty Lakhs) to ESOF III Investment Fund and Edelweiss Alternative Asset Advisors Limited ("**Investors**").

Additionally, the Board of Directors in their meeting held on May 22, 2023, have approved issuance of Series C Compulsorily Convertible Debentures ("**Series C CCDs**") and Series D Compulsorily Convertible Debentures ("**Series D CCDs**") to the Investors each having face value of ₹ 10 (Indian Rupees Ten) and at a premium of ₹ 270.74 (Indian Rupees Two Hundred Seventy Paise Seventy Four) per CCD, for an aggregate consideration of ₹ 142,50,00,000 (Indian Rupees One Hundred and Forty Two Crore and Fifty Lakhs) and ₹ 7,50,00,000 (Indian Rupees Seven Crore Fifty Lakhs) respectively subject to the approval of Shareholders of the Company.

In respect of the funds raised by the Company from the Investors, Biocon Limited, Holding Company has agreed to provide corporate guarantees for minimum guaranteed returns by the Company / commitment to purchase shares in the event of exit (put options) by Investors, as part of the terms and conditions agreed with the Investors.

Investors have invested ₹ 500,00,00,000/- (Indian Rupees Five Hundred Crores Only) in Biocon Limited by way of subscription to the non-convertible debentures ("**NCDs**") which in turn was invested by Biocon Limited into the Company by way of issuance of Optionally Convertible Debentures ("**OCDs**") amounting to ₹ 500,00,00,000/- (Indian Rupees Five Hundred Crores Only) to Biocon Limited. The obligations of Biocon Limited under the NCDs are secured by way of a pledge over the Company's shares.

### 4. TRANSFER TO RESERVE

During the financial year under review, no amount was transferred to the general reserves of the Company.

### 5. DIVIDEND

As on the date of this Report, the Board of Directors has not recommended any dividend for the year under review.

### 6. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

- i) The Company has 10 wholly owned subsidiaries as on March 31, 2023. A brief about the Subsidiaries is set out below:

#### a) Biocon Biologics UK Limited, United Kingdom

Biocon Biologics UK Limited, (formerly known as Biocon Biologics Limited) ("**BBUK**") which was incorporated in the United Kingdom in March, 2016 is a wholly owned subsidiary of BBL.

During the year, BBUK reported a total revenue of ₹ 19,754 Mn and net profit of ₹ 4,190 Mn in FY 23 against a total revenue of ₹ 16,034 Mn and profit of ₹ 2,524 Mn in FY 22.

#### b) Biosimilars Newco Limited, United Kingdom

Biosimilars Newco Limited ("**BNCL**") is a wholly owned subsidiary of the Company, registered in the United Kingdom, which was acquired from Mylan Inc., a Pennsylvania corporation and wholly owned subsidiary of Viartis Inc. on November 29, 2022, as part of acquisition of Viartis' Biosimilar business.

BNCL undertakes biosimilar businesses, i.e. w.r.t. Trastuzumab, Bevacizumab, Pegfilgrastim, Glargine U100, Aspart, Pertuzumab and Glargine U300 across the globe.

Since the date of acquisition, BNCL reported the revenues of ₹ 14,524 Mn and net loss of ₹ 3,237 Mn in FY 23.

**c) Biosimilar Collaborations Ireland Limited, Ireland**

Biosimilar Collaborations Ireland Limited (“**BCIL**”) is a wholly owned subsidiary of BBUK, registered in Ireland which was acquired from Mylan Ireland Limited, an Irish private limited company and wholly owned subsidiary of Viatriis Inc. on November 29, 2022 as part of acquisition of Viatriis’ Biosimilar business.

BCIL undertakes biosimilars businesses w.r.t Adalimumab, Eterncept and Aflibercept.

Since the date of acquisition, BCIL reported the revenues of ₹ 7,835 Mn and net profit of ₹ 1,258 Mn in FY 23.

**d) Biocon SDN BHD, Malaysia**

Biocon SDN. BHD., Malaysia (“**BSB**”), is a wholly owned subsidiary of BBUK and is a step down subsidiary of the Company. BSB was established as the group’s first overseas manufacturing facility at Malaysia. BSB is engaged in the manufacturing of insulins and insulin analogues for global markets and is located within BioXcell, a biotechnology park in Iskandar Puteri, Johor. The facility is Asia’s largest integrated insulins manufacturing facility with approvals from several global agencies including National Pharmaceutical Regulatory Authority (‘NPR’), Malaysia, cGMP certification from HPR (‘EMA’) and cGMP certification from the U.S. Food and Drug Administration (‘USFDA’).

With over US\$ 350 Million investment, about 800 strong workforce, BSB is the single largest biotech facility in Malaysia and holds the commercial and development rights of insulin and insulin analogs.

BSB reported the revenue from operations of ₹ 12,686 Mn and net profit of ₹ 1,905 Mn in FY 23 against a revenue from operations of ₹ 7,869 Mn and net loss of ₹ 1,080 Mn in FY 22.

**e) Biocon Biologics Inc, USA**

Biocon Biologics Inc (“**BBI**”) is a wholly owned subsidiary of BBUK, registered in the State of Delaware, United States of

America. BBI was established with an objective to undertake all activities relating to pharmaceuticals, biopharmaceuticals and biologics products, i.e. commercialization, distribution etc. in the USA and other geographies.

During the year, BBI reported a total revenue from inter-company cross charge of ₹ 382 Mn and net profit of ₹ 14 Mn in FY 23 against loss of ₹ 110 Mn in FY 22.

**f) Biocon Biologics Healthcare Malaysia SDN BHD, Malaysia**

Biocon Biologics Healthcare Malaysia SDN BHD, Malaysia (“**Biocon Healthcare Malaysia**”) is a wholly owned subsidiary of BBUK, registered in Malaysia. Biocon Healthcare Malaysia was established with an objective of undertaking operations for biologics in Malaysia. Biocon Healthcare Malaysia was set up to carry on the business as importers and distributors of drugs and devices in the Malaysian market.

Biocon Healthcare Malaysia did not have any operations during FY 23.

**g) Biocon Biologics Do Brasil Ltda, Brazil**

Biocon Biologics Do Brasil Ltda, Brazil (“**BB-Brazil**”) is a wholly owned subsidiary of BBUK, registered in Brazil. BB-Brazil was established with an objective to undertake direct marketing services and representatives’ activities and intermediation in general.

BB-Brazil reported the revenues from inter-company cross charge of ₹ 48 Mn and net profit of ₹ 1 Mn in FY 23 against a net loss of ₹ 49 Mn in FY 22.

**h) Biocon Biologics FZ LLC, UAE**

Biocon Biologics FZ LLC, UAE (“**BB-FZLLC**”) is a wholly owned subsidiary of BBUK, registered in Dubai, UAE. BB-FZLLC was established with an objective to undertake import and export, marketing and sales promotion, research and development, storage, support services activities related to therapeutics.

During the year, BB-FZLLC reported the revenues from inter-company cross charge of ₹ 261 Mn and net profit of ₹ 5 Mn in FY 23 against a net profit of ₹ 1 Mn in FY 22.

**i) Biocon Biologics Canada Inc., Canada**

During the year under review, BBUK has incorporated Biocon Biologics Canada Inc. (“**BBCI**”), as its wholly

owned subsidiary on March 20, 2023, registered in Ontario, Canada. BBCI was established with an objective to undertake activities such as commercialisation, sale and distribution etc. related to pharmaceuticals, biopharmaceuticals and biologics products.

There was no business or any operations conducted during the year.

**j) Biocon Biologics Germany GmbH, Germany**

During the year under review, the Company has set up Biocon Biologics Germany GmbH (“**BBGG**”), as a wholly owned subsidiary by BBUK with effect from March 29, 2023, registered in Frankfurt, Germany. BBGG was set up with an objective to undertake activities such as commercialisation, sale and distribution etc. related to pharmaceuticals, biopharmaceuticals and biologics products.

There was no business or any operations conducted during the year.

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures, as may be applicable, is provided in Form AOC-1 in **Annexure – 1** to this report. The statement also provides the details of performance and the financial positions of each of the subsidiaries

**II) Merger of M/s Biocon Research Limited**

Pursuant to consolidating biosimilars business under the Company in India, Biocon Research Limited (“Transferor Company”) merged with the Company vide order passed by the Hon’ble National Company Law Tribunal, Bengaluru (“NCLT”) on February 4, 2020. Pursuant to the conditions of the Scheme of Amalgamation, the merger was effective from February 7, 2020.

During the period under review, the Company had applied for assessment of stamp duty payable on such merger order under the provisions of the Karnataka Stamp Act, 1957 with the District Registrar. Upon completion of such assessment and payment of stamp duty, the Company will apply for the final decree for merger of the Transferor Company into the Company with the NCLT.

**7. CAPITAL AND DEBT STRUCTURE**

**A. Authorised Share Capital**

**I. Reclassification of Authorised Share Capital**

At the beginning of the Financial Year, the Authorised Share Capital of the Company amounting ₹ 3500,00,00,000/- (Indian Rupees Three Thousand Five Hundred Crores) was divided into 150,00,00,000 (One Hundred Fifty Crores) equity shares of ₹ 10/- (Indian Rupees ten only) each and 200,00,00,000 (Two Hundred Crores) preference shares of ₹ 10/- (Indian Rupees ten only) each.

In order to facilitate future equity funding in the Company, the Members at their 17<sup>th</sup> 'Extra-Ordinary General Meeting held on November 12, 2022 approved the reclassification of the Authorised Share Capital of the Company that resulted into 2,500,000,000 equity shares of ₹ 10 (Indian Rupees ten only) each and 1,000,000,000 preference shares of ₹ 10 (Indian Rupees ten only) each.

Pursuant to the above, the Memorandum of Association of the Company stands amended with the revised Capital Clause.

**II. Paid-up Share Capital**

**a) Equity Share Capital**

During the year under review, the paid-up equity share capital of the Company was increased upon the occurrence of following events, the details of which are provided as below:

**i. Conversion of Optionally Convertible Redeemable Non-Cumulative Preference Shares into equity shares of the Company held by Biocon Limited on July 27, 2022**

In accordance to the terms of the Term Sheet entered into between the Company and Biocon Limited, the Board of Directors at their Board meeting held on July 27, 2022, approved conversion of 1,08,10,00,000 Optionally Convertible Redeemable Non-Cumulative Preference Shares (“OCRPS”) of face value of ₹ 10/- (Indian Rupees ten only) each amounting to ₹ 1081,00,00,000/- (Rupees One Thousand Eighty-One Crores only) held by Biocon Limited in the Company into 38,505,379 Equity Shares of face value



₹ 10 (Indian Rupees Ten only) each at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) including at a premium of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) each aggregating to ₹ 10,81,00,00,000/- (Rupees One Thousand Eighty-One Crores only).

**ii. Allotment of equity shares on private placement by way of preferential allotment to Serum Institute Life Sciences Private Limited on November 16, 2022**

The Board of Directors, on November 16, 2022, approved allotment of 3,47,33,743 Equity Shares of face value ₹ 10 (Indian Rupees Ten only) each at an issue price of ₹ 356.28/- (Indian Rupees Three Hundred Fifty Six and Paise Twenty Eight only) including at a premium of ₹ 346.28 (Indian Rupees Three Hundred Forty Six and Paise Twenty Eight only) each aggregating to ₹ 12,37,49,37,956/- (Indian Rupees One Thousand Two Hundred Thirty Seven Crores Forty Nine Lakhs Thirty Seven Thousand Nine Hundred and Fifty Six Only) to Serum Institute Life Sciences Private Limited on private placement by way of preferential allotment.

**iii. Allotment of equity shares on rights issue basis to shareholders of the Company on November 16, 2022**

The Board of Directors on November 16, 2022, approved allotment of equity shares on rights issue basis to below equity shareholders who have subscribed to the issue and submitted the signed application forms.

- (a) 6,64,46,357 Equity Shares of face value of ₹ 10/- (Indian Rupees Ten only) per share at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) per share including premium of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) per share aggregating to ₹ 18,65,41,50,200/- (Indian Rupees One Thousand Eight Hundred Sixty Five Crores Forty One Lakhs Fifty Thousand and Two Hundred Only) to Biocon Limited the existing shareholder of the Company, on rights issue basis towards Tranche I.
- (b) 4,33,34,580 Equity Shares of face value of ₹ 10/- (Indian Rupees Ten only) per share at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) per share including premium

of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) per share aggregating to ₹ 12,16,57,50,000 (Indian Rupees One Thousand Two Hundred Sixteen Crores Fifty Seven Lakhs Fifty Thousand Only) to Biocon Pharma Limited consequent to the renunciation of rights by Biocon Limited in favour of Biocon Pharma Limited vide its letter dated November 16, 2022; and

- (c) 4,644 Equity Shares of face value of ₹ 10/- (Indian Rupees Ten only) per share at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) per share including premium of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) per share aggregating to ₹ 13,03,757/- (Indian Rupees Thirteen Lakhs Three Thousand Seven Hundred and Fifty Seven Only) to Mr. Suresh Talwar, the existing shareholder of the Company, on rights issue basis.

**iv. Allotment of equity shares on rights issue basis to Biocon Limited, existing shareholder on November 23, 2022**

The Board of Directors on November 23, 2022, allotted 7,85,64,864 Equity Shares of face value of ₹ 10/- (Indian Rupees Ten only) per share at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) per share including premium of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) per share aggregating to ₹ 22,05,62,99,919 (Indian Rupees Two Thousand Two Hundred Five Crores Sixty Two Lakhs Ninety Nine Thousand Nine Hundred Nineteen Only) to Biocon Limited, the existing shareholder of the Company, on rights issue basis towards Tranche II.

**v. Allotment of Equity share and Compulsorily Convertible Preference Shares on private placement by way of preferential allotment to Mylan Inc. on November 29, 2022**

The Board of Directors on November 29, 2022, approved the allotment of 1 equity share of face value of ₹ 10 (Indian Rupees Ten only) at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) per equity share including a premium of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) per equity share and 23,11,63,944 Compulsorily Convertible Preference Shares ("CCPS") of the Company of face value of ₹ 10 (Indian Rupees Ten only) each at an issue

price of ₹ 355.51/- (Indian Rupees Three Hundred Fifty Five and Paise Fifty One only) including premium of ₹ 345.51/- (Indian Rupees Three Hundred Forty Five and Paise Fifty One only) per CCPS aggregating to ₹ 82,18,10,94,012.18/- (Indian Rupees Eight Thousand Two Hundred Eighteen Crores Ten Lakhs Ninety Four Thousand and Twelve and Paise Eighteen only) to Mylan Inc. on private placement basis by way of preferential allotment, for consideration other than cash, as payment of the consideration to be paid to Mylan Inc. for the acquisition of the entire equity interests of Biosimilars Newco Limited by the Company as set forth in the Transaction Agreement dated February 27, 2022 entered into between the Company and Viatrix Inc., and as amended from time to time ("TA").

**vi. Allotment of equity shares pursuant to the Company's Restricted Stock Unit Long Term Incentive Plan FY 2022-24 ("RSU LTI Plan") to Biocon Biologics Employees Welfare Trust on December 17, 2022**

Pursuant to the Company's Restricted Stock Unit Long Term Incentive Plan FY 2022-24 ("RSU LTI Plan"), the Board of Directors on December 17, 2022, approved the allotment of 12,85,714 equity shares of face value of ₹ 10/- (Rupees Ten only) each aggregating to ₹ 1,28,57,140/- (Rupees One Crore Twenty Eight Lakhs Fifty Seven Thousand One Hundred and Forty only) to Biocon Biologics Employees Welfare Trust.

As on March 31, 2023, the Equity paid up share capital of the Company is ₹ 13,217 Mn (Indian Rupees Thirteen Thousand Two Hundred Seventeen Million only) divided into 132,17,24,958 equity shares of ₹ 10 (Indian Rupees ten only) each.

**b) Preference Share Capital**

During the year under review, there were movements in the paid-up preference share capital of the Company upon the occurrence of following events, the details of which are provided as below:

**i. Conversion of Optionally Convertible Redeemable Non-Cumulative Preference Shares into equity shares of the Company held by Biocon Limited on July 27, 2022**

In accordance to the terms of the Term Sheet entered into between the Company and the Biocon Limited,

the Board of Directors at their Board meeting held on July 27, 2022 converted 1,08,10,00,000 Optionally Convertible Redeemable Non-Cumulative Preference Shares ("OCRPS") of face value of ₹ 10/- (Indian Rupees ten only) each amounting to ₹ 1081,00,00,000/- (Rupees One Thousand Eighty-One Crores only) held by Biocon Limited in the Company into 38,505,379 Equity Shares of face value ₹ 10 (Indian Rupees Ten only) each at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) including at a premium of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) each aggregating to ₹ 10,81,00,00,000/- (Rupees One Thousand Eighty-One Crores only)

**ii. Allotment of Compulsorily Convertible Preference Shares to Mylan Inc:**

The Board of Directors on November 29, 2022, approved the allotment of 1 equity share of face value of ₹ 10 (Indian Rupees Ten only) ("Equity Share") at an issue price of ₹ 280.74/- (Indian Rupees Two Hundred Eighty and Paise Seventy Four only) per equity share including a premium of ₹ 270.74/- (Indian Rupees Two Hundred Seventy and Paise Seventy Four only) per equity share and 23,11,63,944 Compulsorily Convertible Preference Shares ("CCPS") of the Company of face value of ₹ 10 (Indian Rupees Ten only) each at an issue price of ₹ 355.51/- (Indian Rupees Three Hundred Fifty Five and Paise Fifty One only) including a premium of ₹ 345.51/- (Indian Rupees Three Hundred Forty Five and Paise Fifty One only) per CCPS aggregating to ₹ 82,18,10,94,012.18/- (Indian Rupees Eight Thousand Two Hundred Eighteen Crores Ten Lakhs Ninety Four Thousand and Twelve and Paise Eighteen only) to Mylan Inc. on private placement basis by way of preferential allotment.

As on March 31, 2023, the preference share capital of the Company is ₹4,366 Mn (Indian Rupees Four Thousand Three Hundred Sixty Six Millions only) divided into 205,420,000 Non-Convertible Redeemable Non-Cumulative Preference Shares of ₹ 10 each (Indian Rupees ten only) and 23,11,63,944 Compulsorily Convertible Preference Shares of ₹ 10 (Indian Rupees ten only) each.

### III. Capital structure as on March 31, 2023

The Company's Share Capital structure as on March 31, 2023 is as follows:

Particulars	No. of shares	Nominal value per share	Amount (in ₹ Mn)
<b>Authorised Share Capital</b>			
Equity	2,50,00,00,000	10	25,000
Preference	1,00,00,00,000	10	10,000
<b>Total</b>	<b>3,50,00,00,000</b>	<b>10</b>	<b>35,000</b>
<b>Paid-up Share Capital</b>			
Equity	1,32,17,24,958	10	13,217
Preference	43,65,83,944	10	4,366
<b>Total</b>	<b>1,75,83,08,902</b>	<b>10</b>	<b>17,583</b>

### 8. CREDIT RATING OF SECURITIES

During the year under review, CRISIL vide its letter dated November 30, 2022, has removed the rating from 'Rating watch with Developing implications' on ₹ 200 crores Non-Convertible Debentures and ₹ 700 crores Bank loan facilities and reaffirmed its 'CRISIL AA+/ Stable' (pronounced as CRISIL double A plus rating with Stable outlook).

### 9. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

The Company has opted to provide a Corporate Governance Report and Management Discussion and Analysis Report to its shareholders for financial year 2022-23.

A separate section on Corporate Governance is annexed and which form part of this Report.

A detailed report on Management Discussion and Analysis which form part of this Report and also covers the consolidated operations reflecting the global nature of our business.

### 10. EMPLOYEE STOCK OPTION PLAN (ESOP)

#### A. Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan ("RSU LTI Plan") FY 2022-24

Based on the recommendation of the Nomination and Remuneration Committee at its meeting held on July 20, 2021, the Board at its meeting held on July 21, 2021

introduced the "Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24" (hereinafter referred to as "the Plan") designed to drive performance towards achieving the Board approved strategy plan for the FY 2022-24.

The Plan covers key employees who, by virtue of the roles they play, influences the accomplishment of the strategy plan.

The Plan is implemented through Biocon Biologics Employees Welfare Trust ('the Trust') wherein the Company would issue shares to the Trust by way of fresh allotment over a period of time. The Trust may acquire shares by way of fresh allotment from the Company or through secondary market acquisition, once the Company is listed on stock exchanges, such number of shares of the Company, as may be required, in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and applicable from time to time and such subscription or purchase may, inter alia, be financed by a loan given by the Company, provided the loan is obtained in compliance with the requirements of the Companies Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014, as amended.

The Plan is administered by the Nomination and Remuneration Committee of the Company or through the Trust.

The maximum number of Restricted Stock Units ("RSUs") issued pursuant to this Plan would not exceed 7,134,885 (Seven Million One Hundred Thirty Four Thousand Eight Hundred Eighty Five) which would upon exercise be convertible into 7,134,885 (Seven Million One Hundred Thirty Four Thousand Eight Hundred Eighty Five) equity shares of the Company.

Based on the recommendation of the Nomination and Remuneration Committee at its meeting held on February 27, 2022, the Board of Directors, approved amendment to the Plan to extend the benefits of this Plan to certain employees of Holding Company or its Affiliates providing services to any Group Company. The said alteration was approved by the shareholders by Special Resolution in the 6<sup>th</sup> AGM.

The Board of Directors on December 17, 2022, allotted for consideration in cash 12,85,714 equity shares of face value of ₹ 10/- (Indian Rupees Ten only) each aggregating to ₹ 1,28,57,140/- (Indian Rupees One Crore Twenty Eight Lakhs Fifty Seven Thousand One Hundred and Forty only) to the Trust for subsequent transfer to identified employees

who exercise the Long Term Incentive Restricted Stock Units that vested in them on July 31, 2022.

The applicable disclosures as stipulated under sub rule 9 of Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2023 are appended herewith as **Annexure 2** to the Board's Report. The details of the RSU LTI Plan form part of the notes to accounts of the Financial Statements.

#### **B. Biocon Biologics RSU Plan 2023 ("the BBL RSU Plan 2023")**

During the year under review, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors on February 22, 2023, approved the "Biocon Biologics RSU Plan 2023" ("**the BBL RSU Plan 2023**") administered through the Biocon Limited Employees Welfare Trust ("**the Trust**") under the instructions and direct superintendence of the Nomination and Remuneration Committee of the Company for the benefit of eligible permanent employees ("Identified employees") at such price in one or more tranches as determined by the Board in accordance with applicable laws, and as per the terms of the BBL RSU Plan 2023 and to provide for grant and subsequent vesting and exercise of RSUs by Identified Employees in the manner and method as contained in the BBL RSU Plan 2023.

Based on the recommendation received from Nomination and Remuneration Committee, the Board of Directors have further extended the benefit of the plan to the Identified Employees of present and future subsidiary company(ies) / step-down subsidiaries of the Company on the terms of the BBL RSU Plan 2023.

The BBL RSU Plan 2023, was subsequently approved by the shareholders at their 20<sup>th</sup> Extra-Ordinary General Meeting held on February 24, 2023.

The applicable disclosures as stipulated under sub rule 9 of Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2023 are appended herewith as **Annexure 2** to the Board's Report. The details of the BBL RSU Plan 2023 form part of the notes to accounts of the Financial Statements.

#### **11. INVESTOR EDUCATION AND PROTECTION FUND**

There were no amounts required to be deposited into the Investor Education and Protection Fund during the financial year 2022-23.

## **12. MANAGEMENT**

### **A. Directors and Key Managerial Personnel ("KMP")**

#### **I. Appointments, Resignations and Retirement of Director during the financial year 2022-23**

##### **a) Dr. Arun Suresh Chandavarkar, resigned from the office of Managing Director**

Based on the recommendation received from the Nomination and Remuneration Committee, the Board of Directors at their meeting held on November 23, 2022, accepted the resignation of Dr. Arun Suresh Chandavarkar (DIN: 01596180) from the position of the Managing Director of the Company and changed his designation to Non-Executive Non-Independent Director of the Company with effect from the commencement of business hours on December 5, 2022.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Arun Suresh Chandavarkar, Non-Executive Non-Independent Director of the Company, retires by rotation at the ensuing 7<sup>th</sup> Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

##### **b) Mr. Shreehas Pradeep Tambe, appointed as CEO and Managing Director**

Based on the recommendation received from the Nomination and Remuneration Committee, the Board of Directors at their meeting held on November 23, 2022, appointed Mr. Shreehas Pradeep Tambe (DIN: 09796480) as the CEO and Managing Director for a period of 5 (Five) years with effect from the commencement of business hours of December 5, 2022 subject to the approval of Shareholders of the company.

Consequently, the Shareholders, at the 18<sup>th</sup> Extraordinary General Meeting held on November 24, 2022, approved his appointment as CEO and Managing Director for a period of 5 (Five) years with effect from the commencement of business hours of December 5, 2022 to December 4, 2027.

##### **c) Mr. Rajiv Malik, appointed as Non-Executive Non-Independent Director and Nominee of Mylan Inc.**

Based on the recommendation received from the Nomination and Remuneration Committee, the Board of Directors on November 29, 2022, appointed Mr. Rajiv Malik (DIN: 00120557) as an Additional

Director (Non-Executive Non-Independent Director and Nominee of Mylan Inc.) with effect from November 29, 2022. Further, Mr. Rajiv Malik, being the Non-Executive Non-Independent Director and Nominee of Mylan Inc., is not liable to retire by rotation under Section 152(6) of the Companies Act, 2013.

Further, the Board of Directors recommended the appointment of Mr. Rajiv Malik to the Shareholders of the Company for their approval. The Shareholders, at the 19<sup>th</sup> Extra-ordinary General Meeting held on November 29, 2022, appointed Mr. Rajiv Malik as Non-Executive Non-Independent Director and Nominee of Mylan Inc. with effect from November 29, 2022.

**d) Mr. Bobby Kanubhai Parikh was appointed as a Lead Independent Director**

Based on the outcome of Board evaluation exercise for FY 2022-23, the Independent Directors at their meeting held on February 13, 2023, have recommended to designate Mr. Bobby Kanubhai Parikh (DIN 00019437) as a Lead Independent Director. Later, the Board of Directors at their meeting held on same day designated Mr. Bobby Kanubhai Parikh as Lead Independent Director of the Company.

**e) Retirement and Re-appointment of Directors**

As per the provisions of Section 152(6) of Companies Act, 2013, Dr. Arun Suresh Chandavarkar (DIN 01596180), Non-Executive Non-Independent Director, retires by rotation at the ensuing 7<sup>th</sup> Annual General Meeting and being eligible, offers himself for re-appointment.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on May 22, 2023, recommended his re-appointment to the shareholders of the Company.

**II. Key Managerial Personnel appointed/ ceased during financial year 2022-23:**

**a) Mr. Akhilesh Nand, resigned as Company Secretary and appointed as a Key Managerial Personnel**

The Board of Directors at their meeting held on February 13, 2023, accepted the resignation of Mr. Akhilesh Nand (Membership no. A13669) from

the office of Company Secretary of the Company with effect from the closure of business hours on February 13, 2023.

Based on the recommendation received from the Nomination and Remuneration Committee, the Board of Directors at their meeting held on February 13, 2023, designated Mr. Akhilesh Nand as General Counsel (Emerging Markets) as a Key Managerial Personnel of the Company under Section 2(51)(v) of the Companies Act, 2013 with effect from the commencement of business hours on February 14, 2023.

**b) Ms. Deepika Srivastava, appointed as a Company Secretary and Key Managerial Personnel**

Based on the recommendation received from the Nomination and Remuneration Committee, the Board of Directors at their meeting held on February 13, 2023, appointed Ms. Deepika Srivastava, Senior Director – Secretarial and Legal, (Membership no. A23654) as the Company Secretary and Key Managerial Personnel of the Company under section 203 of the Companies Act, 2013, with effect from the commencement of business hours on February 14, 2023.

**III. Declaration by Independent Directors**

The Company has received necessary declarations from each of the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 (6) and (7) of Companies Act, 2013 i.e. Mr. John Russell Fotheringham Walls, Mr. Daniel Mark Bradbury, Mr. Bobby Kanubhai Parikh, Ms. Nivruti Rai and Mr. Peter Baron Piot under Section 149(7) of the Companies Act, 2013 that she/ he meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013. The Independent Directors also confirmed that they have complied with Schedule IV – Code for Independent Directors of the Companies Act, 2013 and the Group's Code of Conduct.

They have further confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Further, the independent directors have also submitted their declaration in compliance with provisions of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, which

mandated the inclusion of an independent director's name in the data bank of Indian Institute of Corporate Affairs ("IICA").

Ms. Nivruti Rai and Mr. Peter Baron Piot, Independent Directors, have passed the Online Proficiency Self-Assessment Test conducted by IICA pursuant to the provisions of sub rule 4 of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, Mr. John Russell Fotheringham Walls, Mr. Daniel Mark Bradbury and Mr. Bobby Kanubhai Parikh, Independent Directors, are exempted from the requirement of taking the online proficiency pursuant to the exemption provided under proviso (A) to sub-rule 4 of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

- IV. Opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors

Based on performance evaluation of the independent directors of the Company conducted for the FY 2022-23, the Board is of the view that they have requisite integrity, expertise, proficiency and experience to carry out their duties with respect to the Company.

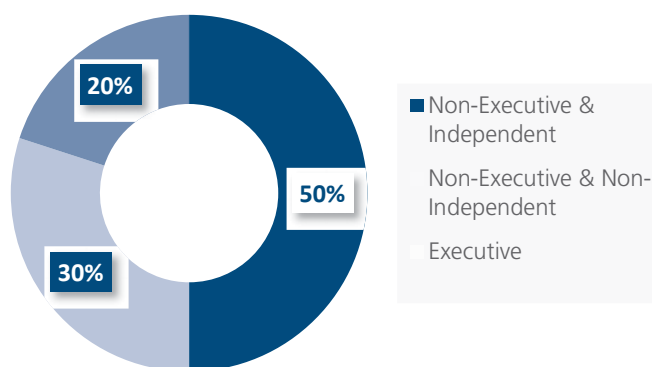
- V. None of the Directors of the Company are disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013.

- VI. During the year under review, the Non-Executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for purposes of attending Board and Committee meetings of the Company.

As on the date of this report, the Directors of the Company are:

Name	DIN	Designation
Ms. Kiran Mazumdar-Shaw	00347229	Executive Chairperson
Mr. Shreehas Pradeep Tambe	09796480	CEO and Managing Director
Dr. Arun Suresh Chandavarkar	01596180	Non-Executive Non-Independent Director

Name	DIN	Designation
Mr. John Russell Fotheringham Walls	03528496	Independent Director
Mr. Daniel Mark Bradbury	06599933	Independent Director
Mr. Bobby Kanubhai Parikh	00019437	Independent Director
Ms. Nivruti Rai	01353079	Independent Director
Mr. Peter Baron Piot	09015343	Independent Director
Mr. Thomas Jason Roberts	09337723	Non-Executive Non-Independent Director
Mr. Rajiv Malik	00120557	Non-Executive Non-Independent Director and Nominee of Mylan Inc.



As on the date of this report the Key Managerial Personnel ("KMP") of the Company are:

Name	Designation
Ms. Kiran Mazumdar-Shaw	Executive Chairperson
Mr. Shreehas Pradeep Tambe	CEO and Managing Director
Mr. Chinappa MB	Chief Financial Officer
Mr. Akhilesh Nand*	General Counsel – Emerging Markets
Ms. Deepika Srivastava	Company Secretary

\*On account of the role of Mr. Akhilesh Nand, he is designated as a Key Managerial Personnel appointed under section 2(51)(v) of the Companies Act, 2013.

## B. Board of Directors and Meetings

The meetings of the Board of Directors were scheduled at regular intervals to discuss and decide on the matters of business performance, policies, strategies, compliances, other matters of significance and strategy apart from other Board business. The Board exhibits strong operational oversight with regular presentations in quarterly meetings. The schedule of the meetings is circulated in advance, to ensure proper planning and effective participation. In certain exigencies, decisions of the Board are also accorded through circulation.

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and General Meetings.

During the financial year 2022-23, the Board met 6 (Six) times on April 27, 2022; July 26, 2022; July 27, 2022; November 11, 2022; November 23, 2022 and February 13, 2023. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Details of all the Board meetings i.e., meetings held during the year under review and attendance thereto are provided in the Report on Corporate Governance.

## C. Committees of the Board

The Company has four Board Committees as on March 31, 2023:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Corporate Social Responsibility and Environmental, Social and Governance Committee
- 4) Risk Management Committee

During the year under review, on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their Board meeting held on July 26, 2022, merged Corporate Social Responsibility Committee ("CSR Committee") and the Environment Social and Governance Committee ("ESG Committee") into a single committee and renamed it as the "**Corporate Social Responsibility and Environmental, Social and Governance Committee**".

Details of all the Committees along with their terms of reference, composition, meetings held during the year and attendance thereto under review are provided in the Report on Corporate Governance.

## 13. COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION INCLUDING KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The Company's current policy on "**Appointment and Remuneration of Directors, Key Managerial Personnel and other employees**" is to have an appropriate mix of Executive, Non-Executive Non-Independent and Independent Directors, to maintain the independence on the Board and separate its functions of governance and management.

As on March 31, 2023, the Board consists of 10 Directors, half of them are Independent Directors. The Board comprises of a Woman Executive Chairperson, a Managing Director, 5 (five) Independent Directors including 1 (One) Woman Independent Director and 3 (three) Non-Executive Non-Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on Appointment and Remuneration of Directors, Key Managerial Personnel and other Employees, including criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, are formulated by the Nomination and Remuneration Committee. The said policy is available on the website of the Company at [https://www.bioconbiologics.com/docs/BBL-Policy-on-appointment-and-remuneration-of-Directors-and-Key-Managerial-Personnel\(s\).pdf](https://www.bioconbiologics.com/docs/BBL-Policy-on-appointment-and-remuneration-of-Directors-and-Key-Managerial-Personnel(s).pdf)

## 14. ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013, during the year under review, the annual performance evaluation of the Board, its Committees and individual directors were conducted in order to ensure that the Board, its Committees and individual directors are functioning effectively and demonstrating good governance. For the financial year 2022-23, the Board had undertaken this exercise through self-evaluation questionnaires.

The Nomination and Remuneration Committee at their meeting held on November 10, 2022, approved the criteria for evaluation of i) Board of Directors as a whole (ii) each Committee of the Board and (iii) each Director individually (iv) Chairperson of the Board for the FY 2022-23 along with a set of questionnaires.

The questionnaires covered various aspects of the individual directors, committees and Board of Director's functioning such as:

- Adequacy of the composition of the Board and its Committees
- Board culture, execution and performance of specific duties, obligations, independence, governance, ethics and values, adherence to corporate governance norms, interpersonal relationships, attendance and contribution at meetings etc
- Participation and contribution by the Director, commitment, including guidance provided to the senior management outside of Board / committee meetings, effective deployment of knowledge and expertise, effective management of relationship with various stakeholders, independence of behaviour and judgment etc

Subsequently, an evaluation process was conducted through an online survey (through Diligent Board Books) during the months of December 2022 - January 2023.

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board of Directors carried out annual performance evaluation of (i) Board of Directors as a whole (ii) each Committee of the Board and (iii) each Director individually (iv) Chairperson of the Board for the FY 2022-23 and a detailed presentation on the outcome of the aforementioned evaluation exercises was also presented at the meeting of Board of Directors held on February 13, 2023.

A detailed disclosure on the parameters and the process of Board evaluation and the Board skill matrix approved by the Board has been provided in the Corporate Governance Report.

## 15. REMUNERATION RECEIVED BY EXECUTIVE DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANY

During the year under review, Dr. Arun Suresh Chandavarkar (Managing Director of the Company upto commencement of business hours on December 5, 2022) and Mr. Shreehas Pradeep Tambe (CEO and Managing Director of the Company w.e.f. December 5, 2022) did not receive any commission or remuneration from its holding company or subsidiary company(ies).

Ms. Kiran Mazumdar-Shaw, Executive Chairperson received ₹ 30 Mn (Indian Rupees Thirty Million only) in

FY 2022-23 from Biocon Limited, holding company of the Company in her capacity as Executive Chairperson at such company as well.

## 16. AUDITORS

### A. STATUTORY AUDITORS

Based on recommendation of the Board of Directors, the shareholders of the Company at the 6<sup>th</sup> Annual General Meeting held on July 26, 2022 approved re-appointment of M/s. B S R and Co. Chartered Accountants (ICAI Registration No. 101248W/W-100022) as the Statutory Auditors of the Company for the second and final term of 5 (five) consecutive years, to hold office from conclusion of the 6<sup>th</sup> Annual General Meeting till conclusion of the 11<sup>th</sup> Annual General Meeting to be held in the year 2027.

The Auditors' Report on the financial statements of the Company for the financial year ended March 31, 2023 is unqualified i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

Further, there was no fraud reported by the Auditors of the Company under Section 143(12) of the Companies Act, 2013 for the financial year under review.

The Auditors' Report is enclosed with the financial statements for FY 2022-23.

### B. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board of Directors at their meeting held on April 27, 2022 approved the appointment of M/s V. Sreedharan and Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company to conduct the Secretarial Audit of the Company for the financial year 2022-23.

In compliance with Section 204(1) of Companies Act, 2013 read with applicable rules made thereunder, the Secretarial Audit Report issued by M/s V. Sreedharan and Associates for the financial year 2022-23 is annexed in **Annexure 3**. There were no adverse comments/ observations or reservations made by the Secretarial Auditors for the year 2022-23 in the report issued by them.

### C. INTERNAL AUDITORS

Our Corporate Internal audit team is an independent assurance and advisory function, responsible for evaluating



and improving the effectiveness of risk management, control and governance processes. The internal audit team helps to enhance and protect organizational value by providing risk-based objective assurance, advice and insight. The internal audit team prepares annual audit plans covering all the key processes based on risk assessment and conducts extensive reviews covering financial, operational and compliance controls.

The Company has adopted a co-source model of Internal Audits where the audits are shared between internal In-house Corporate Audit team and Ernst and Young LLP ('EY') (one of the Big 4) to execute it as per the approved internal audit plan. In addition, areas requiring specialized knowledge are reviewed in partnership with external experts or by recruiting resources with specialized skills.

The Audit Committee at their meeting held on November 11, 2022 approved and recommended the re-appointment of EY, Chartered Accountants as the Internal Auditors of the Company for a period of 1 (one) year with effect from October 1, 2022 to the Board of Directors and the same was approved by the Board of Directors at their meeting held on November 11, 2022.

The Internal Auditors present their report to the Audit Committee on a quarterly basis which is discussed upon and necessary actions are taken by the management of the Company wherever required.

Suggested improvements in processes are identified during reviews and communicated to the management on an ongoing basis. The Audit Committee of the Board monitors the performance of the internal audit team on a periodic basis through review of audit plans, audit findings and speed of issue resolution through follow ups.

#### **D. COST AUDITORS**

Pursuant to Rule 8(5)(ix) of the Companies (Accounts) Rules, 2014, the Cost Records of the Company are maintained in accordance with the provisions of Section 148(1) of the Companies Act, 2013 as specified by the Central Government.

The Cost Audit Report for financial year ended 2021-22, was submitted by M/s Rao, Murthy and Associates, Cost Accountants (Firm Registration Number 000065), Cost Auditors of the Company to the Board of Directors which was approved by the Board of Directors at their meeting held on July 26, 2022. The Cost Auditors issued an unqualified cost audit report for the FY 2021-22 which was filed with the Central Government within the prescribed time.

M/s Rao, Murthy and Associates were re-appointed as the Cost Auditors of the Company for the FY 2022-23 by the Board of Directors on April 27, 2022. The remuneration to the Cost Auditors of ₹ 0.3 Mn per annum for the FY 2022-23 was approved at the 6<sup>th</sup> Annual General Meeting of the Company held on July 26, 2022.

The Cost Auditors would place their report for FY 2022-23 before the Board of Directors on or before the due date. The Board's Report for FY 2023-24 shall cover the same.

Based on the recommendation of the Audit Committee at its meeting on May 22, 2023, the Board of Directors re-appointed M/s Rao, Murthy and Associates, Cost Accountants (Firm Registration Number 000065), as the Cost Auditors of the Company for the financial year 2023-24 at their meeting held on May 22, 2023.

The Cost Auditors have confirmed that their appointment is within the limits of Section 141(3) (g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditor is required to be ratified by the members, the Board recommends the same for approval by members at the ensuing 7<sup>th</sup> Annual General Meeting.

#### **17. REPORTING OF FRAUDS BY AUDITORS**

During the year under review, no fraud was reported by the Statutory Auditor, Secretarial Auditor and Cost Auditor to the Audit Committee, as required under Section 143 (12) of the Companies Act, 2013.

#### **18. INTERNAL FINANCIAL CONTROLS**

The Company has laid down certain guidelines, processes and structures, which enable implementation of appropriate internal financial controls across the organization. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information. These include control processes, both on manual and IT applications, including the ERP applications wherein the transactions are approved and

recorded. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively. Effectiveness of Internal financial controls is ensured through management reviews, controlled self-assessment and independent testing by the internal audit team.

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

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

## 19. DETAILS OF DEPOSITS

During the year under review, the Company has not accepted any deposits from the public and no amount of principal and interest were outstanding as on March 31, 2023.

## 20. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements.

## 21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

There were no materially significant related party transactions entered into between the Company and its related parties, except for those disclosed in the financial statements.

All the contracts/arrangements/transactions entered by the Company with the related parties during FY 2022-23 were in the ordinary course of business, were on arm's length basis and were in accordance with the Policy on

Related Party Transactions of the Company.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 along with the justification for entering into such a contract or arrangement in Form AOC-2 does not form part of this report.

The Company has formulated a Policy on “**Related Party Transactions**”.

## 22. PARTICULARS OF EMPLOYEES

Since the Company is not a listed company, the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company for the year ended March 31, 2023 is not applicable.

## 23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, is appended herewith as **Annexure 4** to the Boards' Report.

## 24. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

CSR has been an integral part of our business since its inception. The Company conducts its CSR efforts through the Biocon Foundation, the Biocon Academy and collaborations with like-minded private organizations and the Government. In the year under consideration, the CSR programs of the Company were focused on providing financial assistance for sustainable urban public transport system and promoting healthcare.

### Environmental Sustainability

Air pollution levels continue to be a serious public health concern in Bengaluru. Traffic congestions and abysmally slow commute speed have tremendous adverse impacts on the quality of life of the residents in the city. In keeping with the unwavering commitment to ecological balance and sustainability, the Company has supported a people-oriented and environment-friendly transport alternative. Mass rail transit systems lessen the usage of individual vehicles thereby reducing toxic emissions and greenhouse gases. Biocon Foundation has signed a memorandum of understanding with Bengaluru Metro Rail Corporation (**BMRL**) in 2020 to fund the construction of the proposed

Metro Station at Hebbagodi, and the Company continue to support the grant towards Biocon-Hebbagodi Metro station. The Biocon-Hebbagodi Metro station will form part of the new line of 18.82 KM from R V Road to Bommasandra, being constructed under Phase II of the Bengaluru Metro Rail Project. The Metro connectivity would provide a sustainable and efficient mode of transport to residents and business commuters from all parts of Bengaluru, reducing traffic congestion on Hosur Road and helping lower the environmental impact from vehicular pollution.

### Promoting Healthcare

The Company believes that the most cost-efficient method of ensuring the health of a community is by preventing the occurrence of disease. The Company strives to provide equitable, affordable, and accessible primary and preventive healthcare services of assured quality. The eLAJ Smart Clinic platform, an in-house creation, is deployed to transform Primary Health Centers (**PHCs**) into clinics that provide digitized clinical consultation, advanced diagnostic services and non-communicable diseases (NCDs) screening. The eLAJ program also includes proactive community outreach and specialist clinics for women, children, and elders. The clinics are spread across seven districts in Karnataka and cater to the healthcare needs of underserved & low-socio economic groups, living predominantly in the rural, peri urban and slum areas in Karnataka.

To advance the focus on research and innovation for healthcare, the Company has contributed to the construction of the Biocon-Syngene General Medicine wing at the Postgraduate Medical School & Hospital, envisioned by Indian Institute of Science. The wing will be spread over six floors with 147 beds. The 800 bedded hospital is expected to be operational by early 2025 and will serve as a not-for-profit, multi-specialty hospital. With the advantage of co-location with the science and engineering faculty and labs, an integrated dual degree MD-PhD programme hospital and research centre is also envisioned, which would enable cross-disciplinary training and research opportunities for the students.

The detailed Annual Report on the CSR activities is attached as **Annexure – 5**. The Policy of the Corporate Social Responsibility and Environmental, Social and Governance Committee is available on the web site of the Company at <https://www.bioconbiologics.com/docs/BBL-CSR-ESG-POLICY.pdf>.

## 25. RISK MANAGEMENT POLICY AND INTERNAL ADEQUACY

Risks are inherent in any business operation and as our operations are spread out across multiple geographies across the world, these risks become further amplified. The Company has put in place an enterprise-wide risk management framework with an objective of timely identification, assessment and evaluation of risk in line with overall business objectives and define adequate mitigation strategy.

The Board has constituted a Risk Management Committee (**RMC**) to monitor and review the Risk management framework and to perform such other functions as may be defined and delegated by the Board and as may be mandated by applicable laws and regulations, as in force from time to time.

The Committee is composed of experienced personnel from various functional areas to ensure broader perspectives, subject matter expertise, a comprehensive and holistic assessment of risks across the Company's business operations. The committee shall assist the Board in timely identification, evaluation, assessment, and mitigation of various categories of risks such as financial, operational, cyber security, operational, strategic, statutory & regulatory, sustainability, reputational, political, catastrophic, pandemic risks, etc., that may be encountered by the company.

On a quarterly basis, the RMC reviews critical risks on a rotational basis in line with the mitigation progress / effectiveness and its impact on overall risk exposure of the Company. All the critical risk areas are re-evaluated at least once a year.

Mitigation actions carried out by the concerned risk owners are reviewed and the progress of the same is discussed with the functional heads / Executive Leadership team and reported to the Risk Management Committee of the Board of directors. These include (i) updates on the progress of mitigation of key risks and (ii) specific risk-related initiatives carried out during the review period.

The Board of Directors of the Company had, at their meeting held on May 22, 2023 revised the Risk Management Policy, as recommended by the Risk Management Committee, so as to align it with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in order to adopt good and uniform corporate governance practices within Biocon Group.

## 26. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the rules prescribed thereunder is implemented through the Company's Whistle Blower Policy of the Company to enable the Directors, employees and all stakeholders of the Company to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The Company adheres to uncompromising integrity in conduct of its business and strictly abides by well-accepted norms of ethical, lawful and moral conduct. It has zero tolerance for any form of unethical conduct or behaviour.

The Biocon Group Integrity Policy is applicable to the Company. As such the vigil mechanism is established under this policy which is applicable to entire Biocon Group including the Company. The policy can be accessed at: [https://www.biocon.com/docs/Biocon-Integrity-and-Whistle-Blower-Policy\\_2020.pdf](https://www.biocon.com/docs/Biocon-Integrity-and-Whistle-Blower-Policy_2020.pdf)

## 27. SIGNIFICANT AND MATERIAL ORDERS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in the future.

## 28. COMPLIANCE OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Details of cases for the financial year 2022-23 were as below:

Sl.	Particulars	Numbers
1.	Number of complaints filed during the financial year	1
2.	Number of complaints disposed of during the financial year	1
3.	Number of complaints pending as on end of the financial year	NIL

## 29. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

During the year under review, there were no applications made or proceedings pending under the Insolvency and Bankruptcy Code, 2016.

## 30. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

During the year under review, there was no such valuation done.

## 31. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India.

## 32. FAILURE TO IMPLEMENT ANY CORPORATE ACTION

There has been no failure to implement any corporate action by the Company for the FY 2022-23.

## 33. ANNUAL RETURN

The Annual Return of the Company as per the provisions of Section 134(3)(a) and 92(3) of the Companies Act, 2013, will be made available at the website of the Company.

The Annual Return for the FY 2022-23 shall be filed with the Registrar of Companies, Karnataka as per the provisions of the Companies Act, 2013.

## 34. DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 134(5) of the Companies Act, 2013 ("**the Act**"), the Board of Directors, to the best of their knowledge, hereby confirm the following:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b) The Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of ₹ 4,453 Mn (Indian Rupees Four Thousand Four Hundred Fifty Three Million Only) of the Company for that period;
- c) The Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors prepared the annual accounts on a going concern basis;
- e) The Directors laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## ACKNOWLEDGEMENTS

We place on record our appreciation for the committed services by every member of the Biocon Biologics family globally, whose contribution was significant to the growth and success of the Company. We would like to thank all our clients, partners, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Governments of India and Malaysia, Government of Karnataka, Ministry of Information Technology and Biotechnology, Ministry of Health, Ministry of Commerce and Industry, Ministry of Finance, Department of Pharmaceuticals, Department of Scientific and Industrial Research, Ministry of Corporate Affairs, Central Board of Indirect Taxes and Customs, Income Tax Department, CSEZ, and all other regulatory agencies for their assistance and co-operation during the year and look forward to their continued support in the future.

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

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

Date: May 22, 2023  
Place: Bengaluru

**Annexure 1**  
**FORM AOC -1 for FY 2022-23**

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures [Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

**Part A - Subsidiaries**

Sl. No	Name of the subsidiary	Date since subsidiary was incorporated	Reporting Period	Reporting currency	Share capital	Reserves and Surplus (other equity)*	Total Assets*	Total Liabilities (excl. capital and reserves)*	Investments (excluding in subsidiaries)*	Turnover#	Profit/ (loss) before taxation#	Provision for taxation #	Profit/ (loss) for the year#	Proposed dividend	Amount in ₹ Million	% of Shareholding by the Company
1	Biocon Biologics UK Limited, UK	March 02, 2016	1st April 2022 to 31st March 2023	USD	87,045	13,898	1,22,237	21,294	29	19,754	4,816	626	4,190	-	100%	
2	Biocon SDN BHD, Malaysia	January 19, 2011	1st April 2022 to 31st March 2023	USD	39,682	(7,620)	41,571	9,509	-	12,686	1,905	1	1,905	-	Refer note 2 and 4	
3	Biocon Biologics Healthcare Malaysia SDN BHD, Malaysia	August 10, 2017	1st April 2022 to 31st March 2023	MYR	37	(39)	1	2	-	-	-	-	-	-	Refer note 2	
4	Biocon Biologics Inc., USA	November 12, 2019	1st April 2022 to 31st March 2023	USD	263	(206)	190	133	-	382	14	-	14	-	Refer note 2	
5	Biocon Biologics Do Brasil Ltda, Brazil	August 17, 2020	1st April 2022 to 31st March 2023	USD	154	(74)	85	6	-	48	1	-	1	-	Refer note 2	
6	Biocon Biologics FZ LLC, UAE	November 26, 2020	1st April 2022 to 31st March 2023	USD	82	1	136	53	-	261	5	-	5	-	Refer note 2	
7	Biosimilar Collaborations Ireland Limited, Ireland	October 11, 2013	29th November 2022 to 31st March 2023	USD	82	49,497	92,812	43,233	-	7,835	1,440	183	1,258	-	Refer note 2 and 5	
8	Biosimilars Newco Limited, UK	July 27, 2022	29th November 2022 to 31st March 2023	USD	99,602	(3,237)	2,35,499	1,39,134	-	14,524	(3,326)	(89)	(3,237)	-	Refer note 3 and 5	
9	Biocon Biologics Germany GmbH, Germany	January 19, 2023	19th January 2023 to 31st March 2023	USD	3	-	-	-	-	-	-	-	-	-	Refer note 2 and 6	
10	Biocon Biologics Canada Inc, Canada	March 20, 2023	20th March 2023 to 31st March 2023	USD	-	-	-	-	-	-	-	-	-	-	Refer note 2, 6 and 7	

\* Exchange rate considered in the case of foreign subsidiaries - 1 USD = 82.18; 1 MYR = 18.62  
# Converted at monthly average exchange rates for foreign subsidiaries

**Notes:**

- None of the subsidiaries have proposed dividends as at March 31, 2023
- Biocon Biologics UK Limited, UK holds 100% of equity stake in:-
  - Biocon SDN BHD, Malaysia
  - Biocon Biologics Healthcare Malaysia Sdn. Bhd. Malaysia
  - Biocon Biologics Inc. USA
  - Biocon Biologics Do Brasil LTDA Brazil
  - Biocon Biologics FZ LLC UAE
  - Biosimilar Collaborations Ireland Limited Ireland
  - Biocon Biologics Germany GmbH Germany
  - Biocon Biologics Canada Inc, Canada
- Biocon Biologics Limited and Biocon Biologics UK Limited holds 82.5% and 17.5% of equity stake in Biosimilars Newco Limited, respectively.
- The reporting currency of Biocon SDN BHD is MYR, however USD is disclosed since it is the functional currency.
- Biosimilar Collaborations Ireland Limited and Biosimilars Newco Limited was acquired on November 29, 2022. These subsidiaries are newly incorporated and did not have any operation during the year.
- Share Capital and Total Assets are below the rounding-off norms.
- Biocon Biologics Germany GmbH and Biocon Biologics Canada Inc Canada are yet to commence operations.
- No subsidiaries have been liquidated or sold during the year.
- There being no Joint Ventures and associates of the Company, Part B of Form AOC-1 is not applicable

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 Srivastava**  
Company Secretary  
Membership No. : A23654

Bengaluru  
May 22, 2023

**Annexure 2****Disclosure with respect to Employees Stock Option Plan of the Company for the Financial Year 2022-23**

[Pursuant to sub rule 9 of Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014]

**A. Details of Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24 for the financial year 2022-23**

(a)	Options granted	13,15,802
(b)	Options vested	13,04,684
(c)	Options exercised	15,911
(d)	The total number of shares arising as a result of exercise of option	15,911
(e)	Options lapsed;	8,05,518
(f)	The exercise price;	₹ 10/-
		(Face value of the shares as on date of exercise)
(g)	Variation of terms of options;	NA
(h)	Money realized by exercise of options;	1,59,110
(i)	Total number of options in force;	56,37,231
(j)	Employee wise details of options granted during FY23 to:	
	(i) Key managerial personnel;	Nil
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil

**B. Details of Biocon Biologics RSU Plan 2023 for the financial year 2022-23**

(a)	Options granted	20,39,997
(b)	Options vested	Nil
(c)	Options exercised	Nil
(d)	The total number of shares arising as a result of exercise of option	Nil
(e)	Options lapsed;	Nil
(f)	The exercise price;	₹ 10/-
		(Face value of the shares as on date of exercise)
(g)	Variation of terms of options;	NA
(h)	Money realized by exercise of options;	Nil
(i)	Total number of options in force;	20,39,997
(j)	Employee wise details of options granted during FY23 to:-	
	(i) Key managerial personnel;	Nil
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Nil
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil

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

Executive Chairperson

DIN: 00347229

Place: Bengaluru  
Date: May 22, 2023

**Annexure 3**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended 31.03.2023

To,  
The Members,  
**BIOCON BIOLOGICS LIMITED**  
Biocon House, Ground Floor, Tower-3,  
Semicon Park, Electronic City, Phase - II,  
Hosur Road, Bengaluru - 560100

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Biocon Biologics Limited (“**the Company**”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2023 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;

- v. Other laws specifically applicable to the Company:
  - a. Drugs and Cosmetics Act, 1940
  - b. Drugs and Cosmetics Rules, 1945
  - c. Bio Medical Waste (Management & Handling) Rules, 1998
  - d. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1954
  - e. Narcotic Drugs and Psychotropic substance Act
  - f. Atomic Energy Act, 1962
  - g. The Hazardous Waste (Management, Handling and Trans-boundary movement) Rules 2008, amended in 2016.
  - h. Hazardous Substances (Classification packaging and labelling) Rules 2011
  - i. The Explosives Act, 1983
  - j. Manufacture, Storage, and Import of Hazardous Chemicals Rules, 1989
  - k. Drug (Price Control) Order (DPCO) 2013 (NPPA)
  - l. Regulation of Drug Act, 1978
  - m. National Biodiversity Act, 2002
  - n. Uniform Code of Pharmaceuticals Marketing Practices (UCPMP) Guidelines
  - o. Livestock Importation Act, 1898
  - p. Generic Drug User Fee Amendment (GDUFA) 2012
  - q. Cosmetics, Devices and Drugs Act, 1980
  - r. Registration Guideline for Registration of the Medicinal Products, 2013
  - s. The Special Economic Zone Act 2005, Special Economic Zone Rules 2006

The Company being an unlisted public limited company, the following Regulations prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the audit period:



- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (f) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2021;
- (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc., mentioned above;

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to all the directors for all the Board Meetings held during the period under review. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairperson, the decisions of the Board were unanimous, and therefore no dissenting views were required to be captured and recorded as part of the minutes.

We further report that, there are adequate systems and processes in the Company in line with Biocon's group level practices, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines which are listed under point no. v of 3<sup>rd</sup> para of this report.

The following events / actions were having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period:

- a) The Company and its subsidiary acquired Biosimilars business from Viatrix Inc., its collaboration partner during the year under review through :
  - (i) Purchase of 100% stake in Biosimilar Newco Limited ("BNCL"), a company incorporated in the United Kingdom; and
  - (ii) Purchase of 100% stake in Biosimilar Collaborations Ireland Limited ("BCIL"), a company incorporated in Ireland.

Pursuant to such acquisitions, BNCL and BCIL have become subsidiaries of the Company.

- b) Re-classification of the Authorised Share Capital and consequent alteration to the Memorandum of Association (MOA) of the Company.
- c) Allotment of 6,64,46,357 Equity Shares to Biocon Limited, 4,33,34,580 Equity Shares to Biocon Pharma Limited and 4,644 Equity Shares to Mr. Suresh Talwar on Rights Issue basis and 3,47,33,743 Equity Shares to Serum Institute Life Sciences Private Limited on Private Placement by way of Preferential Allotment on November 16, 2022.
- d) Allotment of 7,85,64,864 Equity Shares to Biocon Limited on Rights issue basis on November 23, 2022.
- e) Allotment of 1 Equity share and 23,11,63,944 Compulsorily Convertible Preference Shares (CCPS) to Mylan Inc. for the acquisition of the entire equity interests of Biosimilars Newco Limited by the Company on November 29, 2022.
- f) Mr. Shreehas Pradeep Tambe succeeds Dr. Arun Suresh Chandavarkar as the CEO and Managing Director of the Company w.e.f the commencement of business hours on December 05, 2022.

- g) Mr. Rajiv Malik was appointed as a Non-Executive Non-Independent Director and Nominee of Mylan Inc. on the Board w.e.f November 29, 2022.
- h) The Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench, vide its Order dated January 05, 2023 approved the Scheme of Merger between 'Covidshield Technologies Private Limited' (Transferor Company) with the Company, however the Transferor Company was awaiting approval from the NCLT, Mumbai Bench. We have been informed by the Company that the Transferor company has withdrawn the merger petition filed before the Hon'ble Mumbai bench and a strategic alliance agreement is entered into between the Company and Serum Institute Life Sciences Private Limited ("SILS"), the holding company of the Transferor Company.
- i) During the period under review, 2 step down subsidiaries are formed i.e. Biocon Biologics Canada, Inc. and Biocon Biologics Germany GmbH.

For **V. SREEDHARAN & ASSOCIATES**

**(Pradeep B. Kulkarni)**

*Partner*

Date: May 22, 2023

Place: Bengaluru

FCS: 7260; C.P. No: 7835

UDIN: F007260E000345928

Peer Review Certificate No. 589/2019

This report (i.e., Form No. MR-3) is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

**'Annexure'**

To,  
The Members,  
**BIOCON BIOLOGICS LIMITED**  
Biocon House, Ground Floor, Tower-3,  
Semicon Park, Electronic City, Phase - II,  
Hosur Road, Bengaluru - 560100

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. We have conducted online as well as offline verification and examination of records, as facilitated by the Company for the purpose of issuing Secretarial Audit Report (Form No. MR-3).

For **V. SREEDHARAN & ASSOCIATES**

**(Pradeep B. Kulkarni)**

*Partner*

FCS: 7260; C.P. No: 7835

UDIN: F007260E000345928

Peer Review Certificate No. 589/2019

Date: May 22, 2023

Place: Bengaluru

#### Annexure 4

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo for the Financial Year 2022-23

[Particulars pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

#### (A) Conservation of Energy

i)	The steps taken or impact on conservation of energy	<ul style="list-style-type: none"> <li>By implementing the motion sensors at DS insulin, we can save 8365.80 power units per annum, which costs approximately ₹ 0.08 Mn per annum. Additionally, it will lower inventory costs and promote sustainability by reducing carbon emissions.</li> <li>The old CFL and metal halide lamps at USP water plant facility were replaced by LED lamps resulting in an overall energy saving of 3241.20 KWH per annum and total savings amounting to ₹ 0.03 Mn per annum.</li> <li>Using new practices and procedures, without the need for any investment, the Company has reduced its Instrument Air consumption by 35% for the RHI-I facility (serving SFP, PHI &amp; PHI(A)). The average reduction in Instrument Air load consumption reduced from 587950 m3 to 378587 m3 per annum for RHI-I, resulting in actual Instrument Air cost savings of ₹ 42.7 lakhs for the year ended March 31, 2023.</li> <li>By implementing technical ideas to reduce the plant's electrical power consumption at the USP Water Plant, without the need of any investment, the Company achieved a power savings of 20,038.10 KWH per annum and total cost savings amounting to ₹ 0.2 Mn per annum for the year ended March 31, 2023.</li> </ul>
ii)	The steps taken by the company for utilizing alternate source of energy	Nil
iii)	The Capital investment on energy conservation equipment's	Nil

#### B) Technology Absorption

i)	The efforts made towards technology absorption	<ul style="list-style-type: none"> <li>A Chiller Monitoring System has been installed for the brine chillers. This initiative enables us to monitor the chiller parameters and performance online from our respective PC at any time and resources while ensuring more efficient operations.</li> <li>Access controllers have been installed at all DS-Water plants (4 numbers) including the critical UPS rooms, as part of securing the area.</li> </ul>
ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	
iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
(a)	The details of technology imported	
(b)	The year of import	
(c)	Whether the technology been fully absorbed	
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
iv)	The expenditure incurred on Research and Development (R&D)	Expenditure incurred on Research and Development by the Company is tabled below

**Expenditure incurred on Research and Development**

(Amounts in ₹ Mn)

Particulars	FY 22-23
Research and Development expenses	1,379
Other Research and Development expenses included in other heads of account:	
A. Employee Benefit Expenses	1,074
B. Lab Consumables	1,369
<b>Total</b>	<b>3,822</b>

**C) Foreign Exchange Earnings and Outgo**

Particulars	Amount in ₹ Mn
Total earnings in foreign exchange during the year	15,136
Total outflow of foreign exchange during the year	12,280

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

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

Date: May 22, 2023

Place: Bengaluru

## ANNEXURE 5 ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

### 1. Brief outline on CSR Policy of the Company

The Company's contributions and initiatives towards social welfare and environment sustainability have been integral to its business. CSR activities of the Company shall continuously evolve for a long-term sustainability of business, society and environment at large. CSR shall further align and integrate social wellbeing, economic growth and environmental sustainability with the Company's core values, operations and growth. The CSR strategy shall create long-term and scalable values for communities and society. In the process of executing CSR, the Company shall comply with the statutory requirements of the Companies Act, 2013, and the related rules and regulations as may be amended from time to time.

### 2. Composition of CSR and ESG Committee:

During the year, in order to align with other group companies, the Corporate Social Responsibility ("CSR") Committee and Environment, Social and Governance ("ESG") Committee of the Board was merged into a single committee named as the "Corporate Social Responsibility and Environmental, Social and Governance Committee" (hereinafter referred as "CSR & ESG Committee") with effect from July 26, 2022.

Sl. No.	Name of Member	Designation / Nature of Directorship	Number of meetings of CSR and ESG Committee held during the year	Number of meetings of CSR and ESG Committee attended during the year
1.	Mr. Peter Baron Piot	Chairperson - Independent Director	3	3
2.	Ms. Kiran Mazumdar-Shaw	Member - Executive Chairperson	3	3
3.	Mr. Shreehas Pradeep Tambe*	Member – CEO and Managing Director	NA	NA
4.	Ms. Nivruti Rai	Member – Independent Director	3	3
5.	Mr. Thomas Jason Roberts	Member – Non Executive Non Independent Director	3	3

\*Mr. Shreehas Pradeep Tambe was inducted as a member of the Committee with effect from February 13, 2023.

### 3. Web-link(s) where Composition of CSR and ESG committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

- Composition of the CSR and ESG committee : <https://www.bioconbiologics.com/investors/corporate-governance/board-committees/>
- CSR Policy: <https://www.bioconbiologics.com/docs/BBL-CSR-ESG-POLICY.pdf>
- CSR Projects: <https://www.bioconbiologics.com/docs/BBL-CSR-Projects-approved-by-the-Board-for-FY-2023-24.pdf>

### 4. Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable – Not Applicable

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ Mn)	Amount required to be set-off for the financial year, if any (in ₹ Mn)
Not Applicable			

6. (a) Average net profit of the Company as per section 135(5): ₹ 2,199 Mn  
 (b) Two percent of average net profit of the company as per section 135(5) : ₹ 44 Mn  
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Not Applicable  
 (d) Amount required to be set off for the financial year, if any – Not Applicable  
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)] – ₹ 44 Mn
7. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 50 Mn  
 (b) Amount spent in Administrative Overheads : Not Applicable  
 (c) Amount spent on Impact Assessment, if applicable : Not Applicable  
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹ 50 Mn  
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ Mn)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
50	NA	NA	NA	NA	NA

- (f) Excess amount for set off, if any :

Sl. No.	Particulars	Amount (in ₹ Mn)
(i)	Two percent of average net profit of the company as per section 135(5)	44
(ii)	Total amount spent for the financial year	50
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

**8. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Mn)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹ Mn)	Amount spent in the Financial Year (in ₹ Mn)	Amount transferred to a Fund specified under Schedule VII as per second proviso to subsection (5) of section 135, if any, if any			Amount remaining to be spent in succeeding financial years (in ₹ Mn)	Deficiency, if any
					Name of the Fund	Amount (in ₹ Mn)	Date of transfer		
NA									

**9. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year – No**

Number of Capital assets created/ acquired : NA

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address

NA

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

**10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA**

**Mr. Peter Baron Piot**

Chairperson – CSR and ESG Committee  
DIN: 09015343

**Mr. Shreehas Pradeep Tambe**

CEO and Managing Director  
DIN: 09796480



# Corporate Governance Report

# Corporate Governance Report

## I Company’s philosophy on Code of Governance

Biocon Biologics Limited (“the Company”) believes in implementation of good corporate practices, policies and guidelines and always ensures adherence to regulatory requirements. Our aim is to develop a culture of the best management practices and compliance with the law coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters.

Commitment to adoption of good and effective corporate governance practices in all the spheres of working, has always been an imperative factor in driving the Company’s decisions and activities. Abidance with such governance practices has given the Company immense value addition and competitive advantage. Our corporate governance framework comprises of a formal system of control and administration that helps the management take prudent decisions whilst in the interest of the stakeholders, and at the same time enables the company to utilise its resources in a systematic and effective manner.



While implementing corporate practices, the Company focuses on areas such as transparency, accountability and integrity to nurture a good corporate governance culture that fosters employee morale and satisfaction, stakeholder acceptance and regulatory recognition.

The Company’s focus is not only to ensure compliance with the requirements as stipulated under the Companies Act, 2013, (‘the Act’) and other applicable laws regarding corporate governance but is also committed to sound corporate governance principles and practices, and constantly strives to adopt emerging best corporate governance practices being followed worldwide.

We are committed to continuously scaling up our Corporate Governance standards, hence we are suo-motu presenting a report on compliance with corporate governance principles.

## II. Board of Directors

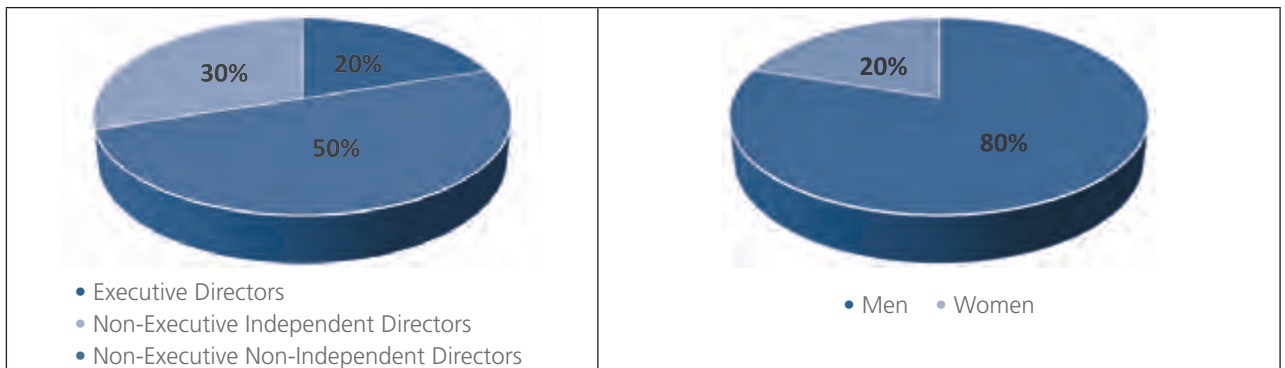
The Board of Directors (‘the Board’) are elected by the shareholders to oversee the Company’s overall functioning. The Board is responsible for providing strategic guidance and supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company’s affairs. To sum up, the Board’s key purpose is to ensure the Company’s prosperity by collectively directing the Company’s affairs, while meeting the appropriate interests of its shareholders and relevant stakeholders.

The Board is committed to represent the long-term interests of the stakeholders and in providing effective governance over the Company’s affairs and exercising reasonable business judgement on the affairs of the Company.

### Composition of the Board

Our Board represents an appropriate mix of Executive Directors (‘EDs’), Non-Executive Non-Independent Directors (‘NEDs’) and Independent Directors (‘ID’), which is compliant with the Act and is also aligned with the best practices of Corporate Governance.

The Board periodically evaluates the need for change in its composition and size. As on March 31, 2023, the Board comprised of 10 (ten) members, consisting of 2 (two) Executive Directors, 2 (two) Non-Executive Non-Independent Directors, and 5 (five) Independent Directors and 1 (one) Non-Executive Non-Independent and Nominee Director. Out of the total members, 2 (two) are women directors comprising of 1 (one) Executive Chairperson and 1 (one) Independent Director.



During the year, Dr. Arun Suresh Chandavarkar (DIN: 01596180), resigned from the office of Managing Director and continued as Non-Executive Non-Independent Director of the Company with effect from commencement of business hours on December 5, 2022.

Mr. Shreehas Pradeep Tambe (DIN: 09796480) was elevated from the position of Deputy Chief Executive Officer and appointed as an Additional Director by the Board of Directors in their meeting held on November 23, 2022. He was also designated as CEO and Managing Director of the Company for a period of 5 (Five) years with effect from the commencement of business hours on December 5, 2022 till December 4, 2027 by the Board. Further, the Shareholders of the Company, in their meeting held on November 24, 2022, approved his appointment as CEO and Managing Director of the Company for a period of 5 (Five) Years with effect from the commencement of business hours on December 5, 2022 till December 4, 2027 and also regularised him as the Director of the Company.

Mr. Rajiv Malik (DIN: 00120557) was appointed by the Board of Directors as Non-Executive Non-Independent Director and Nominee of Mylan Inc. on November 29, 2022 and the Shareholders in their meeting held on the same day had regularised his appointment on the Board of the Company.

Mr. Bobby Kanubhai Parikh (DIN: 00019437) was appointed as a Lead Independent Director on the Board of the Company in the Board meeting held on February 13, 2023.

None of the Directors serve as a Director in more than 7 (seven) listed companies. Further, none of the Director serves as an ID in more than 7 (seven) listed companies or 3 (three) listed companies in case he/she serves as an ED in any listed company. None of the Directors of the Company,

are a member of more than 10 (ten) Committees and Chairperson of more than 5 (five) Committees, across all Public Companies in which he/she is a Director. Further, none of our IDs serve as Non-Independent Director of any Company on the Board of which any of our Non-Independent Director of the Company is an ID.

The details of the directorship(s) of the members on the Board are as mentioned in the following table titled **‘Composition of the Board’**.

Based on the declarations received from the Independent Directors, the Board of Directors have confirmed that they meet the criteria of independence as mentioned under Section 149 of the Act and that they are independent of the management and also they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have also submitted their declaration under compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, which mandated the inclusion of an Independent Director's name in the data bank of Indian Institute of Corporate Affairs (“IICA”) for a period of one year or five years or life time till they continue to hold the office of an Independent Director. Pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Bobby Kanubhai Parikh, Mr. John Russell Fotheringham Walls and Mr. Daniel Mark Bradbury are exempted from appearing the Online Proficiency Self-Assessment Test, and Ms. Nivruti Rai and Mr. Peter Baron Piot have passed the Online Proficiency Self-Assessment Test conducted by IICA.

The statutory details of the Directors, including the directorships held by them in other listed Companies and their Committee memberships/Chairmanships in other public companies, are listed in the table below:

## Composition of the Board

Name of the Directors	Category	Director Identification Number	Total Number of Directorships, Committee Chairpersonships and Memberships of Indian Public Limited Companies as on March 31, 2023			Name of Indian Listed Entities where person is a Director	Category of Directorship
			Directorships <sup>5</sup>	Committee Chairpersonships <sup>^</sup>	Committee Memberships <sup>^</sup>		
<b>Executive Directors</b>							
Ms. Kiran Mazumdar -Shaw	Promoter and Executive Chairperson	00347229	8	-	-	Biocon Limited	Executive Chairperson
						Syngene International Limited	Non-Executive Chairperson
						Narayana Hrudayalaya Limited	Non-Executive Non-Independent
						United Breweries Limited	Independent Non-Executive
Mr. Shreehas Pradeep Tambe <sup>#</sup>	Non-Promoter and CEO and Managing Director	09796480	1	-	-	Nil	Nil
<b>Non-Executive, Non-Independent Directors</b>							
Dr. Arun Suresh Chandavarkar <sup>##</sup>	Non-Promoter; Non-Executive and Non-Independent	01596180	1	-	1	-	-
Mr. Thomas Jason Roberts	Non-Promoter; Non-Executive and Non-Independent	09337723	1	-	-	-	-
Mr. Rajiv Malik <sup>*</sup>	Non-Promoter; Non-Executive Non-Independent and Nominee of Mylan Inc.	00120557	2	1	-	-	-
<b>Independent Directors</b>							
Mr. Bobby Kanubhai Parikh	Non-Promoter; Non-Executive and Independent	00019437	4	4	3	Biocon Limited	Independent, Non-Executive
						Infosys Limited	Independent, Non-Executive
						Indostar Capital Finance Limited	Independent, Non-Executive
Mr. John Russell Fotheringham Walls	Non-Promoter; Non-Executive and Independent	03528496	1	-	1	-	-
Mr. Daniel Mark Bradbury	Non-Promoter; Non-Executive and Independent	06599933	1	-	1	-	-

Name of the Directors	Category	Director Identification Number	Total Number of Directorships, Committee Chairpersonships and Memberships of Indian Public Limited Companies as on March 31, 2023			Name of Indian Listed Entities where person is a Director	Category of Directorship
			Directorships <sup>5</sup>	Committee Chairpersonships <sup>^</sup>	Committee Memberships <sup>^</sup>		
Ms. Nivruti Rai	Non-Promoter; Non-Executive and Independent	01353079	1	-	-	-	-
Mr. Peter Baron Piot	Non-Promoter; Non-Executive and Independent	09015343	1	-	-	-	-

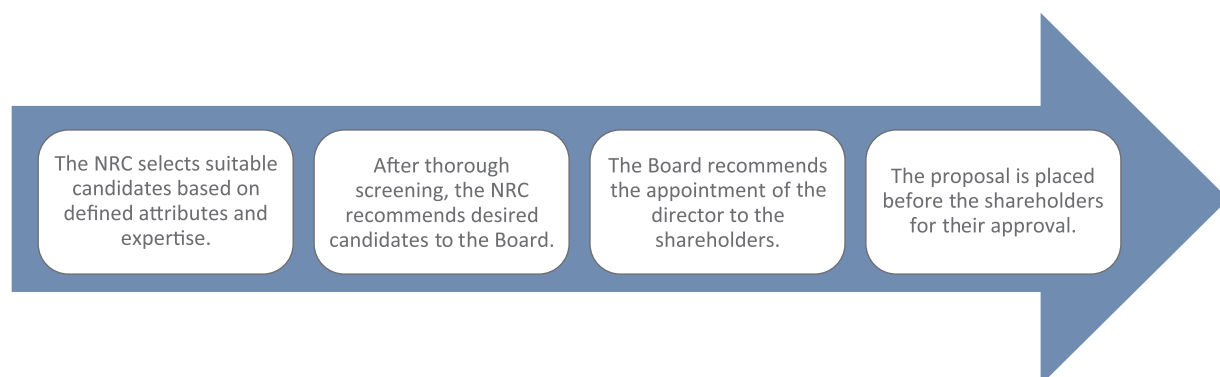
**Notes:**

- <sup>5</sup> Includes Directorship in all Indian public limited companies including Biocon Biologics Limited and excludes directorships of private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 (“Act”).
- <sup>^</sup> Committees considered are Audit Committee and Stakeholders Relationship Committee, across all Indian public limited companies including that of Biocon Biologics Limited and excludes private limited companies, foreign companies and companies registered under Section 8 of the Act.
- <sup>#</sup> Mr. Shreehas Pradeep Tambe was appointed as CEO and Managing Director of the Company for the period of 5 years ‘w.e.f. commencement of business hours on December 5, 2022
- <sup>##</sup> Dr. Arun Suresh Chandavarkar resigned as Managing Director and continued as Non-Executive Non-Independent Director of the Company w.e.f. commencement of business hours on December 5, 2022
- <sup>\*</sup>Mr. Rajiv Malik was appointed on the Board as a Non-Executive Non-Independent Director and Nominee of Mylan Inc. w.e.f. November 29, 2022.
- None of the Directors are related to each other as per the provision of Companies Act, 2013.

**A. Board Membership Criteria and Selection Process**

The responsibility for identifying and evaluating a candidate for the Board is discharged by the Nomination and Remuneration Committee (“NRC”) formed under Section 178 of the Act. While selecting a candidate, the NRC reviews and evaluates the Board’s composition and diversity to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge for continued effectiveness. For the Board, diversity comprehends plurality in perspective, experience, education, background, ethnicity, nationality, age, gender and other personal attributes. These attributes may extend to professional experience, functional expertise, educational and professional background.

The Independent Directors annually provide a certificate of Independence, in accordance with the applicable laws, which is taken on record by the Board. All Board members are encouraged to meet and interact with the management. Board Members are invited to key meetings to provide strategic guidance and advice.



## B. Board Procedure

The Board and Committee meetings are pre-scheduled based on the availability of the Director(s), and an annual calendar of the meetings is circulated to them well in advance to facilitate planning of their schedule and ensure participation in the meetings. However, in case of urgent matters, subject to regulatory conditions, the Board's approval is taken by passing resolutions by circulation. The Board meets at least once in a quarter to review and approve the quarterly financial results/statements and other agenda items. However, with the Board being represented by independent directors from various parts of the world, it may not be possible for all of them to be physically present at all meetings. Hence, we provide video / teleconferencing facilities to enable their participation. The Committees of the Board, other than Audit Committee, usually meet the week before the Board meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval/noting. There was no situation / matter where the Board has not accepted recommendation of the Committee.

With a view to leverage technology, the Company has adopted a digital meeting(s) platform for its Board and Committee meetings, which can be accessed through web version, iOS and Android based application. The Board/ Committee Agenda and related notes are made available to the Directors, at least 7 (seven) business days in advance of the meetings, through this application which meets high standards of security and integrity that is required for storage and transmission of Board/ Committee related documents in electronic form. Every Board member can suggest the inclusion of additional items in the agenda. All material information is incorporated in the agenda along with supporting documents and relevant presentations. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

The Board reviews strategy and business plans, annual operating plans and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. To enable the Board to discharge its responsibilities effectively, the CEO and Managing Director provides an overview of the overall performance of the Company at

the meeting of the Board of directors. The Board *inter-alia* reviews major legal issues, minutes of meetings of various committees of the Board and subsidiary companies, approval of financial results and statements, transactions pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring details of any joint ventures or collaboration agreements, material defaults, if any, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public product liability, claims of substantial nature, is also made available to the Board.

At the Board and Committee Meetings, apart from Board Members and the Company Secretary, members of the management team are invited to present the Company's performance in key areas such as the major business segments and their operations, subsidiaries and key functions.

The Company Secretary records Minutes of the proceedings of each Board and Committee meeting. In compliance with the Secretarial Standard on Board Meetings the draft Minutes are circulated to Board / Committee Members within 15 (fifteen) days from the meeting for their comments. Directors communicate their comments (if any) in writing on the draft minutes within 7 (seven) days from the date of circulation. The Minutes are entered in the Minute Books within 30 (thirty) days from the conclusion of the Meeting.

The guidelines for Board and Committee Meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/ Committee Meetings are promptly communicated to the concerned departments/ divisions. Action Taken Report on decisions/Minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/Committee for noting.

## C. Number of Board meetings, attendance of the Directors at meetings of the Board and the Annual General Meeting ("AGM")

During the year under review, the Board met 6 (Six) times on April 27, 2022; July 26, 2022; July 27, 2022; November 11, 2022; November 23, 2022 and February 13, 2023. The composition of the Board and attendance details of the Board members for the year ended March 31, 2023 are given below:

Name of Directors	Designation	Board Meetings held during tenure	Attended	% of attendance	Attendance at the 6th AGM
Ms. Kiran Mazumdar-Shaw	Executive Chairperson	6	6	100%	Yes
Mr. Shreehas Pradeep Tambe*	CEO and Managing Director	1	1	100%	NA
Dr. Arun Suresh Chandavarkar®	Non-Executive Non-Independent Director	6	6	100%	Yes
Mr. Bobby Kanubhai Parikh	Independent Director	6	6	100%	Yes
Mr. Daniel Mark Bradbury	Independent Director	6	6	100%	Yes
Mr. John Russell Fotheringham Walls	Independent Director	6	5	83%	Yes
Ms. Nivruti Rai	Independent Director	6	5	83%	No
Mr. Peter Baron Piot	Independent Director	6	6	100%	Yes
Mr. Thomas Jason Roberts	Non-Executive Non-Independent Director	6	6	100%	Yes
Mr. Rajiv Malik#	Non-Executive Non-Independent Director and Nominee of Mylan Inc.	1	1	100%	NA

- \*Mr. Shreehas Pradeep Tambe was appointed as CEO and Managing Director w.e.f. commencement of business hours on December 5, 2022.
- ® Dr. Arun Suresh Chandavarkar resigned as Managing Director and continued as Non-Executive Non-Independent Director of the Company w.e.f. commencement of business hours on December 5, 2022
- #Mr. Rajiv Malik was appointed as a Non Executive Non Independent Director and Nominee of Mylan Inc. w.e.f. November 29, 2022.

The Board met at least once in every calendar quarter and the gap between two meetings did not exceed 120 (one hundred and twenty) days.

#### D. Shareholding of Non-Executive Directors

None of the Non-Executive Directors, including Independent Directors, hold any equity shares of the Company except the below:

Name of Director	Category	No. of Shares	% holding
Dr. Arun Suresh Chandavarkar	Non-Executive Non-Independent Director	6,00,000	0.05%
Mr. Bobby Kanubhai Parikh	Non-Executive Independent Director	50,000	0.004%
Mr. John Russell Fotheringham Walls	Non-Executive Independent Director	50,000	0.004%

#### E. Meeting of the Independent Directors

Pursuant to Schedule IV of the Act, the Independent Directors met twice on July 26, 2022 and February 13, 2023 without the presence of Executive Directors, Non-Independent Directors and Members of the Management.

They had *inter-alia* considered and discussed the following-

- The performance of Non-Independent Directors and the Board as a whole;
- The performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors;
- The quality, quantity and timeliness of flow of information between the Company management and the Board, that is necessary for the Board to perform their duties effectively and reasonably.

The evaluation of Independent Directors is done by the entire Board of Directors of the Company which includes:

- Performance of such directors; and
- Fulfilment of the Independence criteria and their Independence from the management.

**F. Board evaluation, Key expertise and attributes of the Board of Directors**

**(i) Board Evaluation**

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Nomination and Remuneration Committee in consultation with the Board, had laid down the evaluation criteria for the performance of the Chairperson, Board, Committees of the Board, and Executive/ Non-Executive/ Independent Directors through peer evaluation, excluding the Director being evaluated. Further, the Board had agreed to undertake the Board Evaluation by an external agency, at least once in 3 (three) financial years, pursuant to which for the FY 2020-21, Egon Zehnder, had conducted the Board Evaluation.

For the current FY 2022-23, the Board had undertaken this exercise through self-evaluation questionnaires. The evaluation process focused on the below aspects –

- Board dynamics and other aspects towards Board effectiveness
- Board Composition, Quality and Culture
- Board Meeting & Procedures
- Execution & performance of specific duties
- Board & Management relations
- Succession Planning
- Committee effectiveness
- Evaluation of Chairperson, Executive & Non-Executive Directors.

A detailed presentation was made to the Board on outcome of evaluation results. In order to further uphold the effectiveness of the Board's governance, an overview of the suggestions as drawn from the evaluation exercise was deliberated and recommended for implementation in due course of time, by the Board.

**(ii) Key expertise and attributes of the Board of Directors**

The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which are taken into consideration by the Nomination and Remuneration Committee while recommending appointment of any candidate to the Board of the Company.



Based on the above-mentioned skill matrix, the skills which are currently available with the Board have been mapped below:

Directors	Area of Expertise						
	Scientific Knowledge	Research & Innovation	Global Healthcare	Finance & Risk Management	Corporate Governance and Compliance	Technology & Digital Perspective	General Management
Ms. Kiran Mazumdar-Shaw	✓	✓	✓	✓	✓	✓	✓
Mr. Shreehas Pradeep Tambe	✓	✓	✓	✓	✓	✓	✓



Directors	Area of Expertise						
	Scientific Knowledge	Research & Innovation	Global Healthcare	Finance & Risk Management	Corporate Governance and Compliance	Technology & Digital Perspective	General Management
Dr. Arun Suresh Chandavarkar	✓	✓	✓	✓	✓	✓	✓
Mr. Rajiv Malik	✓	✓	✓	✓	✓	✓	✓
Mr. Bobby Kanubhai Parikh				✓	✓		✓
Mr. Daniel Mark Bradbury	✓	✓	✓	✓	✓		✓
Ms. Nivruti Rai				✓	✓	✓	✓
Mr. John Russell Fotheringham Walls			✓	✓	✓		✓
Mr. Peter Baron Piot	✓	✓	✓		✓		✓
Mr. Thomas Jason Roberts	✓	✓	✓	✓	✓		

### G. Role of Company Secretary

The Company Secretary plays a key role in ensuring that effective board procedures are followed and reviewed periodically. The Company Secretary is primarily responsible to ensure compliance with the provisions of the Companies Act, 2013 and provisions of all other laws applicable to the Company. The Company Secretary ensures that all relevant information, details and documents are made available to the Board of Directors for effective decision-making at the meetings. The Company Secretary is also the interface between the Management and Regulatory Authorities for Governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

### III. Committees of the Board

The Board has constituted various committees to focus on specific areas and to make informed decisions within their authority. Each Committee is directed by its charter which outlines their scope, roles, responsibilities and powers. All the decisions and recommendations of the Committee are placed before the Board for its approval. The Company's guidelines relating to Board Meetings are also applicable to Committee meetings as far as is practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functions. Senior Executives are invited to present various details called for by the Committees at their meetings. The Company Secretary of the Company acts as the Secretary to all Committees of the Board as detailed below:

S. No.	Name of Members	Designation	AC*		NRC^		CSR & ESG®		RMC <sup>5</sup>	
			C	M	C	M	C	M	C	M
1.	Ms. Kiran Mazumdar-Shaw	Executive Chairperson						•		
2.	Mr. Shreehas Pradeep Tambe <sup>1</sup>	CEO and Managing Director						•		•
3.	Mr. Bobby Kanubhai Parikh	Independent Director	•						•	
4.	Dr. Arun Suresh Chandavarkar	Non-Executive Non-Independent Director		•						•
5.	Mr. Daniel Mark Bradbury	Independent Director		•		•				•
6.	Mr. John Russell Fotheringham Walls	Independent Director		•						•
7.	Ms. Nivruti Rai	Independent Director			•			•		
8.	Mr. Peter Baron Piot	Independent Director				•	•			•

S. No.	Name of Members	Designation	AC*		NRC <sup>^</sup>		CSR & ESG <sup>@</sup>		RMC <sup>§</sup>	
			C	M	C	M	C	M	C	M
9.	Mr. Thomas Jason Roberts <sup>2</sup>	Non-Executive Non-Independent Director				•		•		•
10.	Mr. Rajiv Malik	Non-Executive Non-Independent Director and Nominee of Mylan Inc.								

C: Chairperson

M: Member

\* AC: Audit Committee;

<sup>^</sup> NRC: Nomination and Remuneration Committee;

<sup>@</sup> CSR & ESG: Corporate Social Responsibility and 'Environmental, Social and Governance Committee; and

<sup>§</sup> RMC: Risk Management Committee

<sup>1</sup> Mr. Shreehas Pradeep Tambe was inducted as member on the following committees with effect from February 13, 2023:

1. Risk Management Committee

2. Corporate Social Responsibility and Environmental, Social and Governance Committee

<sup>2</sup> Mr. Thomas Jason Roberts was inducted as member on Nomination and Remuneration Committee with effect from November 11, 2022.

## A. Audit Committee

### (i) Brief description of terms of reference

The Company has constituted an Audit Committee which acts as a link between the Management, External and Internal Auditors and the Board of Directors of the Company. The Committee's role flows directly from the Board's oversight function and delegation to various Committees. It acts as an oversight body for transparent, effective anti-fraud and risk management mechanisms, and efficient Internal Audit and External Audit functions financial reporting. The Audit Committee considers the matters which are specifically referred to it by the Board of Directors besides considering the mandatory requirements of the provisions of Section 177 of the Act. The brief description of the terms of reference of the Committee is given below:

The terms of reference and responsibilities of the Committee *inter-alia* include review of the quarterly, half-yearly and annual financial statements before submission to Board, review of compliance of internal control system, approval or any subsequent modification of transactions with related parties, oversight of the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements, recommendation for appointment, remuneration and terms of appointment of auditors of the Company etc. The Committee also reviews the adequacy and effectiveness of internal audit function and control systems. The Committee meets at least once in a calendar quarter.

### (ii) Details of meetings and attendance during the year:

During the year under review, the Audit Committee met 5 (five) times on April 27, 2022; July 26, 2022; November 11, 2022; November 23, 2022 and February 13, 2023. The composition of the Committee and attendance details of the members for the year ended March 31, 2023 are given below:

Sr. No.	Members	Position	Designation	No. of Meetings which member was entitled to attend	No. of Meeting attended	% of Attendance
1.	Mr. Bobby Kanubhai Parikh	Chairperson	Independent Director	5	5	100%
2.	Dr. Arun Suresh Chandavarkar	Member	Non-Executive Non-Independent Director	5	5	100%
3.	Mr. Daniel Mark Bradbury	Member	Independent Director	5	5	100%
4.	Mr. John Russell Fotheringham Walls	Member	Independent Director	5	5	100%

The Members of the Committee possess sound knowledge of accounts, finance, audit, governance and legal matters.

Senior Executives from the Finance & Accounts Department and representatives of the Statutory and Internal Auditors are invited to attend the Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee.

The Committee, as a good governance practice, also meets Statutory Auditors and Internal Auditors of the Company separately, to understand their independent opinion on the performance of the Company.

## B. Risk Management Committee

### (i) Brief description of terms of reference

The Company has constituted a Risk Management Committee, which assist the Board of Directors in timely identification, assessment and mitigation of risks (i.e. financial, operational, strategic, regulatory, statutory, reputational, political, catastrophic and others) faced by the Company. The Committee *inter-alia* has overall responsibility for monitoring and approving the enterprise risk management framework and is capable of effectively addressing and monitoring these risks etc. The Committee also approves and oversees a Company-wide risk management framework, capable of effectively addressing these risks.

### (ii) Details of meetings and attendance during the year:

During the year under review, the Risk Management Committee met 4 (four) times on April 20, 2022; July 22, 2022; November 11, 2022 and February 07, 2023. The composition of the Committee and attendance details of the Members for the year ended March 31, 2023 are given below:

Sr. No.	Members	Position	Designations	No. of Meetings which member was entitled to attend	No. of Meeting attended	% of Attendance
1.	Mr. Bobby Kanubhai Parikh	Chairperson	Independent Director	4	4	100%
2.	Mr. Shreehas Pradeep Tambe*	Member	CEO and Managing Director	0	0	NA
3.	Dr. Arun Suresh Chandavarkar	Member	Non-Executive Non-Independent Director	4	4	100%
4.	Mr. Daniel Mark Bradbury	Member	Independent Director	4	3	75%
5.	Mr. John Russell Fotheringham Walls	Member	Independent Director	4	4	100%
6.	Mr. Peter Baron Piot	Member	Independent Director	4	2	50%
7.	Mr. Thomas Jason Roberts	Member	Non-Executive Non-Independent Director	4	4	100%

\*Mr. Shreehas Pradeep Tambe was inducted as a member of Risk Management Committee with effect from February 13, 2023.

## C. Corporate Social Responsibility and Environmental, Social and Governance Committee

### (i) Brief description of terms of reference

The Company is driven by a vision to make a difference in global healthcare through improved access to high quality and life-saving bio therapeutics by making them affordable for patients across the world. The Company's contributions and initiatives towards social welfare and environment sustainability have been integral to its business.

During the year, the Board has delegated oversight over Environment Social and Governance ("**ESG**") related activities to the Corporate Social Responsibility ("**CSR**") Committee and merged it as the "Corporate Social Responsibility and Environmental, Social and Governance Committee (hereinafter referred to as "**CSR and ESG Committee**"). The CSR and ESG activities of the Company shall continuously evolve for a long-term sustainability of business, society and environment at large. The CSR and ESG Committee shall further align and integrate social wellbeing, economic growth and environmental sustainability with the Company's core values, operations and growth.

The terms of reference of the CSR and ESG Committee are in line with the provisions of Section 135 of the Act, which *inter alia* includes the following:

- Identifying the areas of CSR activities, its implementation and monitoring;
- Formulate and amend the CSR Policy, from time to time;
- Adoption of Annual Action Plan or modification thereof;
- Oversee Company's ESG program, strategy, initiatives, execution and disclosures; and
- Reporting progress of various initiatives with respect to CSR and ESG activities etc

**(ii) Details of meetings and attendance during the year:**

During the year under review, on the recommendation of Nomination and Remuneration Committee, the Board of Directors in their Board meeting held on July 26, 2022, merged Corporate Social Responsibility Committee ("**CSR Committee**") and the Environment Social and Governance Committee ("**ESG Committee**") into a single committee and renamed it as the "Corporate Social Responsibility and Environmental, Social and Governance Committee" (hereinafter referred as "**CSR and ESG Committee**").

Prior to the said merger, the CSR Committee and ESG Committee severally met twice on April 20, 2022 and July 22, 2022. After receiving the Board's approval on merger of both the Committees, the CSR and ESG Committee met twice on November 10, 2022 and February 6, 2023.

The composition of the CSR and ESG Committee and attendance details of the Members for the year ended March 31, 2023 are given below:

Sr. No.	Members	Position	Designations	No. of Meetings which member was entitled to attend	No. of Meeting attended	% of Attendance
1.	Mr. Peter Baron Piot	Chairperson	Independent Director	4	4	100%
2.	Ms. Kiran Mazumdar-Shaw	Member	Executive Chairperson	4	4	100%
3.	Mr. Shreehas Pradeep Tambe <sup>#</sup>	Member	CEO and Managing Director	-	-	NA
4.	Ms. Nivruti Rai	Member	Independent Director	4	4	100%
5.	Mr. Thomas Jason Roberts	Member	Non-Executive Non-Independent Director	4	4	100%

<sup>#</sup>Mr. Shreehas Pradeep Tambe was inducted as a member of the CSR and ESG Committee with effect from February 13, 2023.

**D. Nomination and Remuneration Committee**

**(i) Brief description of terms of reference**

Pursuant to the provisions of Section 178 of the Act read with applicable rules made thereunder or other applicable provisions or any statutory modifications thereof, the Company has formed Nomination and Remuneration Committee ("**NRC**").

The NRC is *inter-alia* vested with the authority to:

- a) recommend nominations for Board membership;
- b) succession planning for the senior management and the Board;
- c) develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company;

- d) establish criteria for selection of Board Members with respect to competencies; qualifications, experience, track record, integrity, devise appropriate succession plans; and
- e) determine overall compensation policies of the Company, etc.

The scope of the NRC also includes decision on the remuneration to the Executive Director(s) and laying down of performance parameters for the Chairperson and Managing Director, the Executive Director(s), Key Managerial Personnel and Senior Management.

In addition to the above, the NRC's role includes identifying persons who may be appointed to a Senior Management position in accordance with the criteria laid down, recommending to the Board their appointment and removal.

The NRC also formulates the criteria for determining qualifications, positive attributes and independence

of a Director. The Committee on a periodical basis, recommends to the Board, amendments to the policies relating to the remuneration of Directors, Key Managerial Personnel and Senior Management.

The Board has undertaken the exercise to evaluate the performance of individual Directors. Feedback is sought by way of structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governances. Performance evaluation is carried out based on the responses received from all Directors.

The performance evaluation of Independent Directors is based on various criteria including experience and expertise, independent judgement, ethics & values, adherence to the corporate governance norms, interpersonal relationships, attendance and contribution at meetings, amongst others.

## (ii) Details of meetings and attendance during the year:

During the year under review, the NRC met 5 (five) times on April 20, 2022; July 22, 2022; November 10, 2022; November 23, 2022 and February 06, 2023. The composition of the Committee and attendance details of the Members for the year ended March 31, 2023 are given below:

S r. No.	Members	Position	Designations	No. of meetings which member was entitled to attend	No. of meetings attended	% of Attendance
1.	Ms. Nivruti Rai	Chairperson	Independent Director	5	5	100%
2.	Mr. Daniel Mark Bradbury	Member	Independent Director	5	3	60%
3.	Mr. Peter Baron Piot	Member	Independent Director	5	5	100%
4.	Mr. Thomas Jason Roberts*	Member	Non-Executive Non-Independent Director	2	2	100%

\* Mr. Thomas Jason Roberts was inducted as a member of NRC with effect from November 11, 2022.

## IV. Remuneration of Directors

### A. Remuneration Policy

The Company has a well-defined policy for Appointment and Remuneration of Directors, Key Management Personnel and other employees. The policy of the Company is designed to create a high-performance culture and enables the Company to attract, retain and motivate employees to achieve results.

The elements of remuneration to the Executive Directors include fixed and variable salary, performance bonus (as per the performance criteria determined by the Nomination and Remuneration Committee), contribution to provident fund, superannuation, gratuity, perquisites and allowance, reimbursement of expenses, stock options etc., as applicable to employees of the Company.

The Executive Directors are employees of the Company and are subject to service conditions as per the Company policy, which is 6 (Six) months' notice period, or such period as mutually agreed upon. There is no provision for payment of severance fees to Non-Executive Directors. Independent Directors are paid remuneration in the form of commission, apart from the sitting fees and are not subject to any notice period and severance fees.

#### **B. Remuneration to Non - Executive Directors**

The shareholders in their 6<sup>th</sup> Extra-Ordinary General Meeting ('EGM') held on August 20, 2019, have approved the payment of remuneration to Non-Executive Directors, at an amount not exceeding 1% of the net profit of the Company to be determined as per the provisions of Section 198 of the Companies Act, 2013 to its Non-Executive Directors. In view of this, based on the recommendation of Nomination and Remuneration Committee the Board of Directors in their meeting held on January 19, 2022, approved remuneration structure for Non-Executive Directors, subject to 1% of net profits of the Company. The payment of such remuneration would be in addition to the sitting fees for attending Board/Committee meetings.

Subsequently, the shareholders in their 20<sup>th</sup> EGM held on February 24, 2023 have approved the payment of remuneration to Non-Executive Directors, which was in excess of 1% of the net profits of the Company for the financial year 2022-23, due to inadequate profits.

#### **C. Criteria for Making Payment to Non-Executive Directors**

The Company's Non-Executive Directors are leading professionals with high level of expertise and rich experience in functional areas such as business strategy, financial governance, corporate governance, research and innovation amongst others. The Company's Non-Executive Directors have been shaping and steering the long-term strategy and make invaluable contributions towards Biocon Biologics group level strategy, monitoring of risk management and compliances.

The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to all the Directors from time to time.

#### **D. Remuneration to Executive Directors**

The shareholders, in their 6<sup>th</sup> Annual General Meeting ("AGM") held on July 26, 2022, have approved the re-appointment of Ms. Kiran Mazumdar-Shaw as an Executive Director, designated as an Executive Chairperson for a period of two years effective April 1, 2022 on

certain terms and conditions, including her remuneration subject to prescribed limit under the rules and regulations. The remuneration includes fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses, etc. as applicable to employees of the Company.

Further, Dr. Arun Suresh Chandavarkar resigned from the office of Managing Director with effect from the commencement of business hours on December 5, 2022 and continued as Non Executive Non-Independent Director of the Company.

Based on the recommendation of Nomination and Remuneration Committee and Board of Directors, the shareholders in their 18<sup>th</sup> Extra-Ordinary General Meeting ('EGM') held on November 24, 2022, have approved the appointment of Mr. Shreehas Pradeep Tambe as the CEO and Managing Director of the Company for a period of 5 (five) years with effect from commencement of business hours on December 5, 2022 till December 4, 2027. The remuneration comprises of fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses, long term rewards etc. as applicable to employees of the Company.

Further, the shareholders in their 20<sup>th</sup> EGM held on February 24, 2023, have approved the managerial remuneration payable to Ms. Kiran Mazumdar-Shaw, Executive Chairperson of the Company for the financial year 2022-23, Dr. Arun Suresh Chandavarkar, ex-Managing Director of the Company (pro-rated for the period April 1, 2022 to December 4, 2022 being tenure of his office in the capacity of Managing Director) and Mr. Shreehas Pradeep Tambe, CEO and Managing Director of the Company, (pro-rated for the period December 5, 2022 to March 31, 2023 being tenure of his office in the capacity of CEO and Managing Director) which was individually in excess of 5% and collectively in excess of 10% of the net profits of the Company for the financial year 2022-23 due to inadequacy of profits as prescribed under Section 197 of the Act read with rules made thereunder or other applicable provisions or any statutory modifications thereof.

#### **E. Service Contracts, Notice Period and Severance Fees**

As on March 31, 2023, the Board comprised of 10 (ten) Members, including 2 (two) Executive Directors and 8 (eight) Non-Executive Directors, of which 5 (five) are Independent Directors. Ms. Kiran Mazumdar-Shaw, Executive Chairperson and Mr. Shreehas Pradeep Tambe, CEO and Managing Director are employees of the Company. Hence,

the provision for payment of severance fees to them shall be as per the terms mentioned in the Company's policy. However, other Directors are not subject to any notice period and severance fees.

#### F. All Pecuniary Relationship or Transactions of the Non-Executive Directors

There was no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company, which has potential conflict with the interest of the organisation at large.

#### G. Remuneration to Directors

The details of remuneration paid to Directors for the year ended March 31, 2023 are given below:

Directors	Amount in INR Million					
	Salary and Perquisites			Others		
	Fixed Pay & Bonus	Perquisites <sup>^</sup>	Retirement Benefits	Commission	Sitting Fees	Total
Ms. Kiran Mazumdar-Shaw	27.8	0.7	1.4	-	-	29.9
Mr. Shreehas Pradeep Tambe (w.e.f. the date of his appointment as CEO and Managing Director)*	11.5	0.3	0.6	-	-	12.4
Dr. Arun Suresh Chandavarkar (upto the date of his office as Managing Director)**	33.9	-	-	-	-	33.9
Dr. Arun Suresh Chandavarkar (in the capacity of Non-Executive Non-Independent Director w.e.f December 5, 2022)**	-	-	-	1.3	0.2	1.5
Mr. Bobby Kanubhai Parikh	-	-	-	5.9	1.2	7.1
Mr. John Russell Fotheringham Walls	-	-	-	5.0	1.1	6.1
Mr. Daniel Mark Bradbury	-	-	-	5.3	1.3	6.6
Ms. Nivruti Rai	-	-	-	4.6	1.3	5.9
Mr. Peter Baron Piot	-	-	-	5.1	1.5	6.6
Mr. Thomas Jason Roberts	-	-	-	4.4	1.4	5.8
Mr. Rajiv Malik	-	-	-	-	-	-

\* Mr. Shreehas Pradeep Tambe was appointed as CEO and Managing Director w.e.f. December 5, 2022.

\*\*Dr. Arun Suresh Chandavarkar resigned as Managing Director and continued as Non-Executive Non-Independent Director of the Company with effect from commencement of business hours on December 5, 2022

#### Note:

- <sup>^</sup>Perquisites valued as per Income Tax Act, 1961.
- During the financial year, no options under the Company's ESOP plan were granted to any Executive/Non-Executive Directors of the Company. Mr. Shreehas Pradeep Tambe, CEO and Managing Director was granted 7,14,286 RSUs in FY 2021-22, issued and exercisable as per the terms of Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24.

## V. General Meetings

### I. ANNUAL GENERAL MEETINGS

The date, time, location of Annual General Meetings held during the last 3 (three) years and the special resolutions passed thereat are as follows:

Year	Date and Time	Venue	Special Resolution(s) Passed
2021-2022	July 26, 2022 04.30 PM	Biocon House, Ground Floor, Tower-3, Semicon Park, Electronic City, Phase - II, Hosur Road, Bengaluru - 560100	<ol style="list-style-type: none"> <li>1. Reappointment of Ms. Kiran Mazumdar-Shaw as an Executive Director (designated as 'Executive Chairperson').</li> <li>2. Reappointment of Mr. Bobby Kanubhai Parikh as an Independent Director of the Company.</li> <li>3. Reappointment of Mr. Daniel Mark Bradbury as an Independent Director of the Company.</li> <li>4. Reappointment of Ms. Nivruti Rai as an Independent Director of the Company.</li> <li>5. Inclusion of grants to employees of the holding company and alteration of the Biocon Biologics Limited Restricted Stock Units Long Term Incentive Plan FY 2022-24.</li> </ol>
2020-2021	July 22, 2021 11:30 AM	Biocon House, Ground Floor, Tower-3, Semicon Park, Electronic City, Phase - II, Hosur Road, Bengaluru - 560100	<ol style="list-style-type: none"> <li>1. Appointment of Mr. Peter Baron Piot as an Independent Director of the Company.</li> <li>2. Re-appointment of Mr. John Russell Fotheringham Walls as an Independent Director of the Company.</li> </ol>
2019-2020	July 24, 2020 2:00 PM	Amartya Sen Meeting Room, Biocon Campus, 20th KM, Bengaluru - 560 100	NIL

## VI. General Shareholders Information

### A. Company Registration Details

The registered office of the Company is Biocon Biologics Limited, Biocon House, Ground Floor, Tower-3, Semicon Park, Electronic City, Phase - II, Hosur Road, Bengaluru - 560100 and it is registered in the State of Karnataka, India. The Corporate Identity Number ('CIN') allotted to the Company by the Ministry of Corporate Affairs ('MCA') is U24119KA2016FLC093936.

### B. Annual General Meeting

<b>Day, Date and Time</b>	Friday, July 28, 2023 at 4.30 pm
<b>Venue</b>	Biocon House, Ground Floor, Tower-3, Semicon Park, Electronic City, Phase - II, Hosur Road, Bengaluru – 560100, Karnataka, India
<b>Financial Year</b>	April 1, 2022 – March 31, 2023
Financial Results Calendar for 2023-24 (tentative)	
<b>Q1 – FY 24</b>	On or before August 14, 2023
<b>Q2 – FY 24</b>	On or before November 14, 2023
<b>Q3 – FY 24</b>	On or before February 14, 2024
<b>Q4 – FY 24</b>	On or before May 30, 2024
<b>International Securities Identification Number ("ISIN")</b>	Equity Shares : INE597V01013 Compulsorily Convertible Preference Shares: INE597V03027 Optionally Convertible Redeemable Non-Cumulative Preference Shares: INE597V04017



**C. Share transfer system**

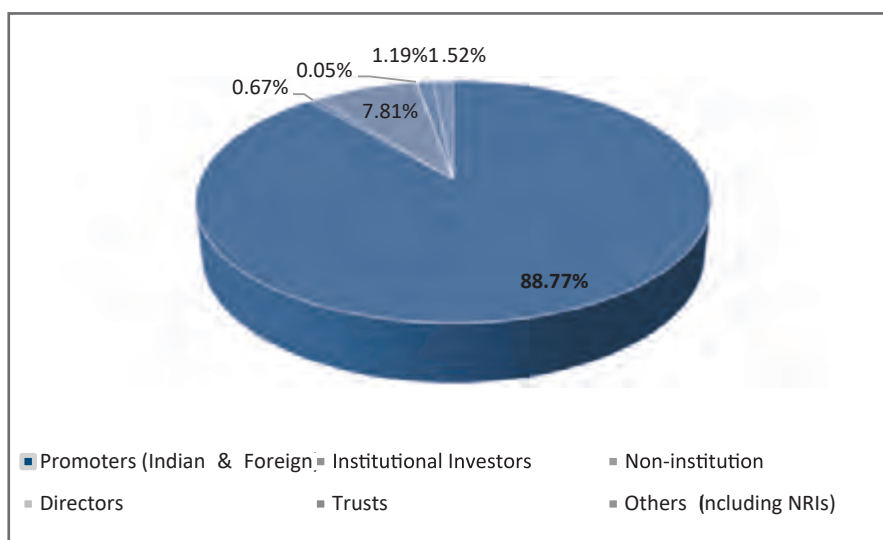
On receipt of proper documentation, the Company facilitates transfer of securities in the name of the transferee(s). Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

**D. Dematerialization of shares and liquidity**

As on March 31, 2023, all of the equity shares were in electronic form. Transfer of equity shares of the Company is permitted only in dematerialized form.

**E. Distribution of shareholding (category wise) as on March 31, 2023 is as under:**

S. No	Category	No. of Shares	% to Equity
1	Promoters (Indian & Foreign)	1,17,32,34,200	88.77
2	Institutional Investors	88,30,456	0.67
3	Non-institution	10,31,95,638	7.81
4	Directors	7,00,000	0.05
5	Indian Public	54,644	0.00
6	Trusts	1,56,85,714	1.19
7	Others (Including NRIs)	2,00,24,306	1.52
	<b>Total</b>	<b>1,32,17,24,958</b>	<b>100</b>

**F. Distribution of shareholding as on March 31, 2023:**

S I . no	Category (Amount)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	2	8.33%	51	0.00%
2	5001 - 10000	Nil	Nil	Nil	0.00%
3	10001 - 20000	Nil	Nil	Nil	0.00%
4	20001 - 30000	4	16.67%	104,644	0.01%
5	30001 - 40000	Nil	Nil	Nil	0.00%
6	40001 - 50000	4	16.67%	200,000	0.02%
7	50001 - 100000	1	4.17%	75,000	0.01%
8	100001 - 99999999	13	54.17%	1,321,345,263	99.97%
<b>TOTAL</b>		<b>24</b>	<b>100.00</b>	<b>1,321,724,958</b>	<b>100.00</b>

**G. Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity.**

As on March 31, 2023, details of outstanding convertible instruments are as below:

- i. During the year under review, the Board of Directors on November 29, 2022, approved the allotment of 23,11,63,944 Compulsorily Convertible Preference Shares (“CCPS”) of the Company of face value of ₹ 10 (Indian Rupees Ten only) each at an issue price of ₹355.51/- (Indian Rupees Three Hundred Fifty Five and Paise Fifty One only) including a premium of ₹345.51/- (Indian Rupees Three Hundred Forty Five and Paise Fifty One only) per CCPS aggregating to ₹82,18,10,94,012.18/- (Indian Rupees Eight Thousand Two Hundred Eighteen Crores Ten Lakhs Ninety Four Thousand and Twelve and Paise Eighteen only) to Mylan Inc. on private placement basis by way of preferential allotment, for consideration other than cash, as payment of the consideration to be paid to Mylan Inc. for the acquisition of the entire equity interests of Biosimilars Newco Limited by the

Company as set forth in the Transaction Agreement dated February 27, 2022 entered into between the Company and Viatrix Inc., and as amended from time to time (“TA”). The said CCPS shall be converted in accordance with the Terms of CCPS entered into between the Company and Mylan Inc.

- ii. As on March 31, 2023, Goldman Sachs India AIF Scheme - 1, holds 78 Optionally Convertible Debentures (“OCDs”) and Goldman Sachs India Alternative Investment Trust AIF Scheme - 2 holds 1,047 OCDs at a face value of ₹1,00,00,000 each

**H. Commodity price risk or foreign exchange risk and hedging activities**

Part of Company’s payables and receivables in foreign currencies is subject to currency risks, the Company has in place an approved Forex Management policy to minimise the risks associated with foreign currency rate fluctuations. The Company has in place mechanism of reviewing, monitoring and mitigation of commodity price and foreign exchange risks. The details of foreign currency exposure and hedging are disclosed in Notes to Standalone Financial Statements.

**I. Plant locations**

1	2	3
Biocon Biologics Limited Biocon Campus, 20th KM, Hosur Rd, Electronic City, Bengaluru, Karnataka 560100	Biocon Biologics Limited Biocon Park, Plot No 2 & 3, Biocon SEZ, Bommasandra Jigani Link Road, Phase 4, Bommasandra Industrial Area, Bommasandra, Bengaluru, Karnataka, 560099	Biocon SDN BHD No. 1, Jalan Bioteknologi 1, Kawasan Perindustrian SILC, 79200 Iskandar Puteri, Johor, Malaysia

**J. Address for correspondence**

<p><b>Corporate Governance</b></p> <p>Ms. Deepika Srivastava Company Secretary Tel: 91 80 6775 6775 Email: <a href="mailto:Co.Secretarybiologics@biocon.com">Co.Secretarybiologics@biocon.com</a></p>	<p><b>Financial Disclosure and Information</b></p> <p>Mr. Chinappa MB Chief Financial Officer Tel: 91 80 - 6775 6775 E-mail id: <a href="mailto:mb.chinappa@biocon.com">mb.chinappa@biocon.com</a></p>
<p><b>Media &amp; Corporate Communications</b></p> <p>Ms. Seema Shah Ahuja Senior Vice-President &amp; Global Head Corporate Communications &amp; Corporate Brand Biocon Group Tel: 91 80- 2808 2808 E-mail id: <a href="mailto:Seema.Ahuja@biocon.com">Seema.Ahuja@biocon.com</a></p>	<p><b>Investor Relations</b></p> <p>Mr. Nikunj Mall Senior Director - Finance Tel: 91 80 - 6775 6775 E-mail id: <a href="mailto:nikunj.mall@biocon.com">nikunj.mall@biocon.com</a></p>
<p><b>Registrar and Share Transfer Agents (‘RTA’)</b></p> <p>KFin Technologies Limited (Unit: Biocon Biologics Limited) Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramgud, Hyderabad – 500 032 E-mail id: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a></p>	

**K. Credit Ratings**

During the year under review, CRISIL vide its letter dated November 30, 2022, has removed the rating from 'Rating watch with Developing implications' on ₹200 crores Non-Convertible Debentures and ₹700 crores Bank loan facilities and reaffirmed its 'CRISIL AA+/ Stable' (pronounced as CRISIL double A plus rating with Stable outlook).

**L. Other Disclosures****I. Materially significant related party transactions**

During the year under review, no materially significant transactions or arrangements were entered into between the Company and its promoters, management, Directors or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. The Company has formulated a policy on dealing with Related Party Transactions, which specifies the manner of entering into Related Party Transactions.

**II. Vigil Mechanism**

The vigil mechanism as envisaged in the Companies Act, 2013 ("Act") and the rules prescribed thereunder is implemented through the Company's Whistle Blower Policy to adequately safeguard against victimisation of persons who use such mechanism. The Audit Committee oversees the functioning of the vigil mechanism and receives a summary of the Whistle-blowing incidents on a quarterly basis. During the year, no personnel was denied access to the Audit Committee of the Company. The address of the Chairperson of the Audit Committee has been given in the policy for the Directors, employees and all stakeholder associated with the Company to report any matter of concern.

**III. Compliance with mandatory and discretionary requirements**

The Company has complied with all mandatory requirements prescribed by the Act and the Company has also complied with below mentioned discretionary requirements, as under:

- **Modified opinion(s) in Audit Report:** During the year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
- **Reporting of Internal Auditors:** Internal Auditors report functionally to the Audit Committee

**IV. Policy for determining Related Party transactions**

The Company has formulated a Policy on materiality of Related Party Transactions and on dealings with such transactions.

**V. Details of utilization of funds raised through preferential allotment**

During the year under review the Company had raised USD 150 million from Serum Institute Life Sciences Private Limited by way of Preferential allotment which was utilised as a part of infusion of USD 800 million in Biocon Biologics UK Limited, the wholly owned subsidiary of the Company ("BBUK") by subscribing to Optionally Convertible Redeemable Non-Cumulative Preference Shares ("OCRPS") issued by BBUK. BBUK further invested these funds in Biosimilars Newco Limited ("BNCL") and in Biosimilar Collaborations Ireland Limited ("BCIL") by investing USD 212 Million and USD 588 Million respectively pursuant to the acquisition of Viatris biosimilars assets and business by the Company.

**VI. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors of the Company**

The details of payment made to them on consolidated basis are available in the Financial Statements of the Company.

**VII. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The disclosure regarding the complaints of sexual harassment are given in the Board's Report.

**VIII. Disclosure by the Company and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount**

There were no loans and advances provided to firms/companies in which Directors of the Company are interested.

**IX. Details of material subsidiaries of the Company; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.**

The Company being unlisted, details of material subsidiaries are not applicable.

**X. Disclosures with respect to demat suspense account/unclaimed suspense account**

The Company does not have any securities in the demat suspense account/unclaimed suspense account.

**XI. Code of Conduct**

The Code of Conduct ('the Code') for Board Members and Senior Management Personnel as adopted by the Board, is a comprehensive Code applicable to Directors and senior management personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and senior management personnel. A copy of the Code is available on the website of the Company at <https://www.biocon.com/docs/Code-of-conduct%20Brochure-English-27122022.pdf>

**XII. CEO and CFO certification**

In view of the good Corporate Governance, the Chief Executive Officer and the Chief Financial Officer of the Company, have placed before the Board, the requisite Certificate for the financial year ended March 31, 2023 certifying the authenticity of the financial statements for the year ended March 31, 2023.

**XIII. Secretarial Audit**

The Secretarial Audit Report of the Company for the year ended March 31, 2023, issued by Mr. Pradeep B Kulkarni, Partner of M/s. V. Sreedharan & Associates, Practicing Company Secretaries, the Secretarial Auditor of the Company forms part of the Board's Report as **Annexure – 3**.

**XIV. Agreement on compensation of profit sharing in connection with dealings in securities of the Company**

During the financial year under review, no employee including Key Managerial Personnel or Director or Promoter of the Company had entered into any agreement, either for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in securities of the Company.

# Management Discussion & Analysis

# Management Discussion and Analysis

## Overview

Biocon Biologics Limited (BBL) is a unique, fully integrated global biosimilars player with a demonstrated track record of success across the value chain from R&D through to manufacturing and commercialization. We are a subsidiary of Biocon Limited, a publicly listed entity, and the Biosimilars arm of its business. BBL was the largest contributor to the parent company's revenues in FY23 and is its fastest growing business segment.

The early 2000's marked our entry into biosimilars when we became the 1st company globally to develop and commercialize bHuman Insulin in 2004 using a proprietary *Pichia pastoris* platform. We subsequently forayed into developing monoclonal antibodies (mAbs) and therapeutic proteins targeting Cancer and Autoimmune diseases using mammalian cell culture-based expression systems. As an early investor in the biosimilars business, we have invested more than \$1 billion till date to build world-class R&D and global-scale manufacturing capabilities.

We have also built a hybrid commercial model with self-commercialization capabilities in select Emerging Markets (e.g. India) coupled with a network of partners and distributors to commercialize our products in 100+ markets globally, including Advanced Markets such as the U.S. and Europe. Our strategy of developing core and differentiated R&D and manufacturing capabilities, coupled with our commercial network, has made us a frontrunner in the biosimilars industry. We have achieved several global "firsts" and been among the first wave of biosimilars entrants, expanding patients' access to several essential and lifesaving biologic drugs. In addition, we have one of the most comprehensive portfolios in the industry with 20 biosimilars spanning Oncology, Immunology, Diabetes, and other therapeutic area.

Our most significant and enduring partnership has been our global strategic collaboration with Viatri (earlier Mylan) for the development, manufacturing, supply, and commercialization of biosimilar mAbs in 2009, which was then expanded to insulin analogs in 2013. The Viatri collaboration was a cost-share and profit-share model wherein we participated in about one-third of the economics in Advanced Markets where Viatri had exclusive commercial rights and about half of the economics in Emerging Markets where we shared commercial rights.

In FY23, Biocon Biologics accelerated its self-commercialization aspirations with the historic \$3B+ acquisition of Viatri's global biosimilars business to create a unique, fully integrated player with end-to-end capabilities from lab-to-market. The acquisition is an inflection point in our journey and is designed to create

a global leader in biosimilars and maximize value for all our stakeholders.

Our unique, end-to-end capabilities, industry leading portfolio, strong business fundamentals, favorable market dynamics and ability to attract marquee global investors, set us up for success and provide a runway to sustainable, profitable growth.

## Biosimilars: An attractive market with growing acceptance among stakeholders

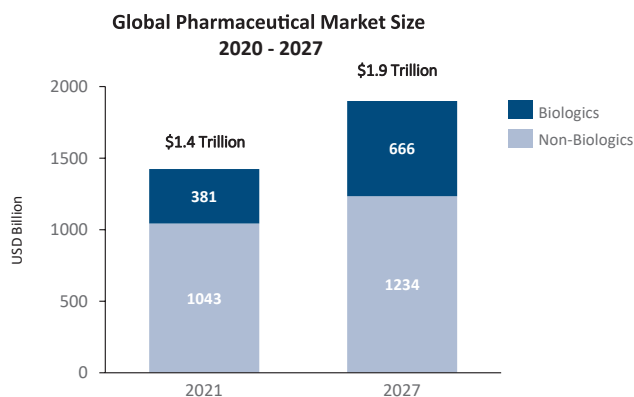
### Biosimilars represent a significant and rapidly expanding market opportunity

Biologics are large, complex molecules produced from living organisms that require specialized expertise to develop and manufacture. Biologics have become an important therapeutic category in the treatment of several life-threatening diseases, accounting for about one-third of the global pharma market and 9 out of the Top 20 pharmaceuticals in 2022. As per IQVIA, the biologics market is expected to grow at a ~10% CAGR to \$666 billion in 2027.

However, given their significantly high cost of treatment, affordability and access to Biologics remain a challenge for patients and healthcare systems globally both in Advanced and Emerging Markets.

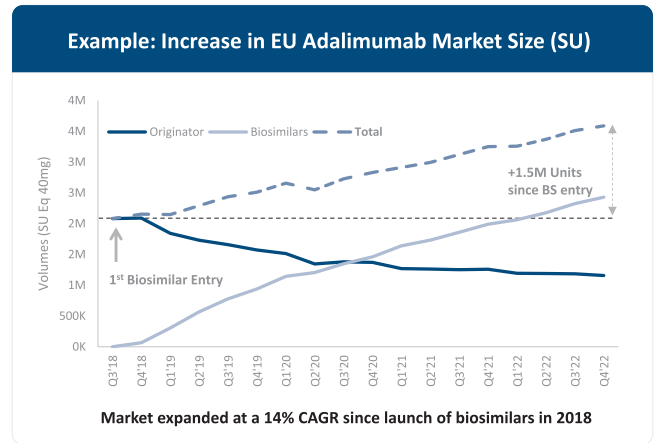
For example, in the U.S., the treatment cost of biologics is typically \$10K - \$30K per year and in many cases, it can be much higher<sup>1</sup> which makes it out of reach for many patients especially those without or limited insurance. In Low- and Middle-Income Countries (LMIC) only half of insulin-dependent patients can afford Insulins, a biologic drug.

1. PubMed, National Library of Medicine 2018



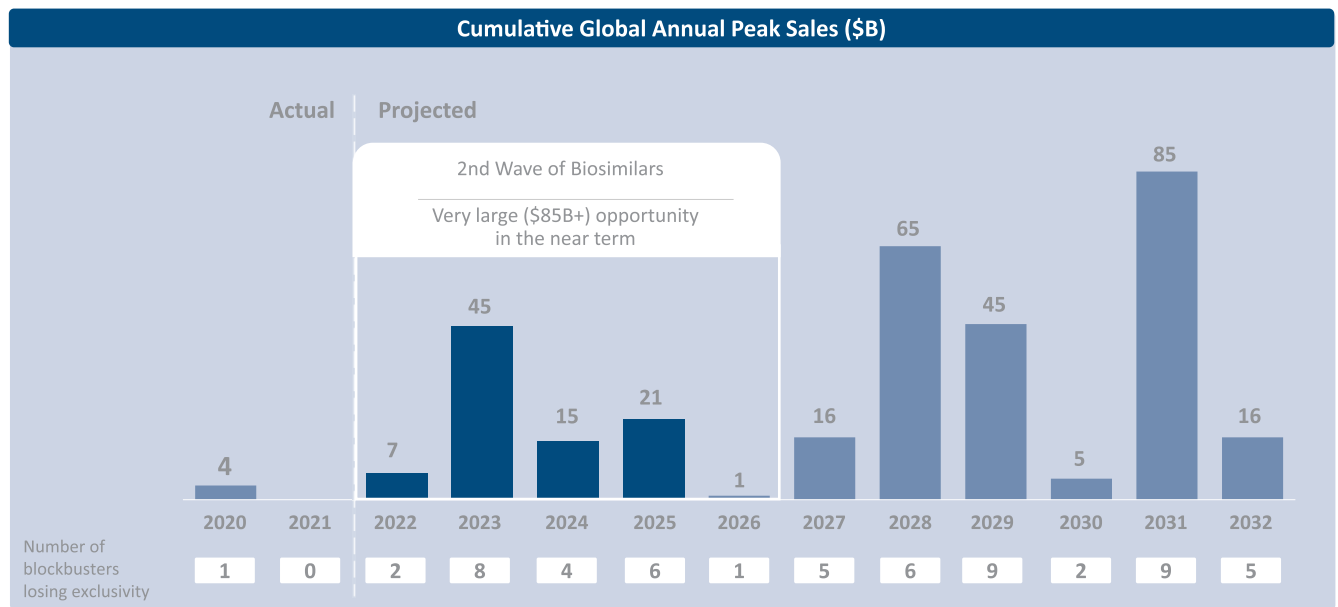
Source: IQVIA Global Use of Medicines 2023; IQVIA Biosimilars in the United States, 2023-2027; IQVIA Global Use of Medicines, 2022-26; IQVIA White Paper, Nov'20

A biosimilar is a biological medicine highly similar to another already approved biological medicine (the 'reference product') in terms of structure, biological activity, efficacy, safety and immunogenicity profile. It has no clinically meaningful difference versus the reference product and is developed and manufactured with the same strict quality guidelines. However, biosimilars are more affordable alternatives to their reference product and can address the affordability and access challenge while ensuring the same treatment outcome. In many cases, such as Adalimumab (an immunology product) in the EU, the launch of biosimilars at a more affordable price has translated into an expansion in the overall market size and improved access.



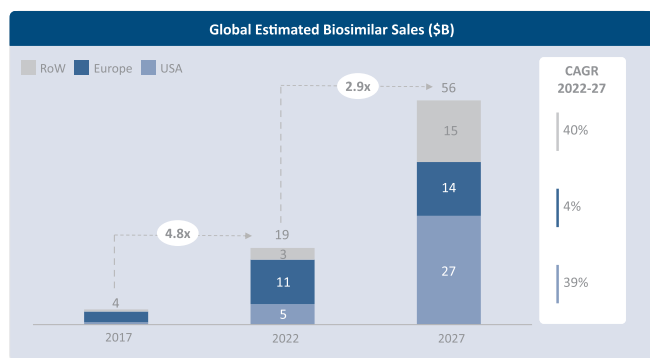
Source: IQVIA 2018 – 2022 data

The loss of exclusivity (or patent expiry) of a referenced product or biologic opens up a large opportunity for biosimilars, thereby expanding the current biosimilar market opportunity. In the near term, ~\$85 billion of blockbuster drugs are expected to lose exclusivity, creating a very large opportunity for biosimilars players.



Note: "Blockbuster" defined here as a drug with annual sales of more than \$1 billion in the peak year. Analysis based on timing of US patent expiry

Source: EvaluatePharma, Jan 2023; Public disclosures; McKinsey Report Aug'22



Source: McKinsey BiosimCast, 2022

As early adopters, Europe and the Emerging Markets have been driving the growth in the biosimilars industry. However, over the past few years we have also seen an increase in acceptance among prescribers and patients in the U.S. translating to biosimilar adoption rates of over 80% for some products. This increased adoption will drive the next wave of growth across the industry. According to a report published by McKinsey, the market size of biosimilars is projected to reach \$56 billion by 2027.

The growth in biosimilars is driven by the need to expand access to cutting-edge therapeutics thereby improving patient outcomes. The rapidly increasing disease burden, especially Non-Communicable Diseases (NCDs) such as Diabetes and Cancer, and strained healthcare budgets only underscores the need for affordable biosimilars.

As a unique, fully integrated player with a successful track record of developing, manufacturing, and commercializing 8 biosimilars in global markets till date, Biocon Biologics is well positioned to participate in this growth opportunity.

### Evolving Regulatory Landscape

We have witnessed the rapid adoption of biosimilars in Europe and Emerging Markets especially in the tender segment where all biosimilars are treated at par with the originator product. In Sep'22, European Medicines Agency (EMA) and the Heads of Medicines Agencies (HMA) issued a joint statement confirming that biosimilar products approved in the European Union (EU) are interchangeable with their reference product or with an equivalent biosimilar, further validating the regulatory acceptance of biosimilars.

The acceptance of biosimilars in the United States is more recent but has come with a quicker adoption profile. US FDA has approved 41 biosimilars and 30 have been launched till date, generating significant savings of ~\$10 billion per year for the U.S. healthcare system. In the U.S., policymakers and healthcare agencies are increasingly introducing policies that support biosimilars adoption.

Unlike the EU, the current U.S. regulatory landscape requires additional 'interchangeability' studies that are essential for certain commercial segments, increasing the cost of biosimilar development. Some recent developments in the U.S. point to a simplification of the regulatory pathway, supporting biosimilars uptake. These include a waiver of additional studies for insulin biosimilars, an interchangeability designation granted to Cimerli® (Coherus' bLucentis) without an additional switching study, Biosimilar Red Tape Elimination Act, etc.

In addition, several regulatory bodies globally are eliminating the requirement of a Phase III clinical trial to measure product efficacy (e.g., UK MHRA's guidance from May'22 suggesting that a comparative efficacy trial may not be necessary if sound scientific rationale supports this approach). These developments augur well for companies like Biocon Biologics as it helps reduce both the cost and time for development, allowing us to fully capitalize on the large and growing biosimilars opportunities ahead.

### Differentiated versus traditional small molecule generics

The role of biosimilars is akin to that of 'generics' for off-patent small-molecule drugs, providing a cost-effective alternative to off-patent biologics with no clinically meaningful differences, thereby expanding access. However, developing and manufacturing biosimilars are significantly more time-consuming, capital-intensive, and scientifically complex. Establishing 'biosimilarity' with a reference product to ensure similar safety, purity and potency is a fundamentally complex task requiring, among other things, highly specialized scientific know-how and infrastructure.

Biosimilars require significantly more investment in product development and building large-scale manufacturing facilities with stronger quality control systems and processes than generics. These higher investments require commensurate financial returns with a higher margin profile, to justify the high cost of capital for biosimilar development.



	Small Molecule Generics	Biosimilars
<b>Expertise &amp; Capabilities</b>	<ul style="list-style-type: none"> <li>• Easy to build given limited complexity</li> </ul>	<ul style="list-style-type: none"> <li>• Highly specialized skills developed over time</li> <li>• Experience with complex technological platforms</li> </ul>
<b>Development Spends</b>	<ul style="list-style-type: none"> <li>• Simple Gx: &lt;\$1 M</li> <li>• Complex Gx: \$15-20 M</li> </ul>	<ul style="list-style-type: none"> <li>• \$50M - \$300M</li> </ul>
<b>Manufacturing Investments</b>	<ul style="list-style-type: none"> <li>• Simple Gx: \$20-30 M</li> <li>• Complex Gx: \$40-50 M</li> </ul>	<ul style="list-style-type: none"> <li>• \$200 M+</li> </ul>
<b>Development Timelines</b>	<ul style="list-style-type: none"> <li>• 2 - 3 years</li> </ul>	<ul style="list-style-type: none"> <li>• 6 – 9 years</li> </ul>
<b>Clinical Studies</b>	<ul style="list-style-type: none"> <li>• Bioequivalence studies in healthy volunteers</li> </ul>	<ul style="list-style-type: none"> <li>• Pharmacokinetic comparison studies in Phase 3</li> </ul>
<b>No. of subjects in clinical studies</b>	<ul style="list-style-type: none"> <li>• 20 – 50</li> </ul>	<ul style="list-style-type: none"> <li>• 100 - 500</li> </ul>

Source: GaBi; McKinsey Aug'22; US FDA; EMA; IQVIA; BBL analysis

### Evolving strategy of biosimilars players

The expertise and quantum of investment required to develop biosimilars have been high barriers to entry thereby limiting the competitive landscape to large originator pharmaceutical companies with biosimilar divisions and select other players including some large generics companies. While the attractive size of the biosimilars market has drawn interest from several companies, there have been limited success stories so far.

The initial commercial success of biosimilars was driven by the biosimilar divisions of large biopharmaceutical originator companies with the scientific knowhow, manufacturing capabilities, commercial reach, and access to capital. However, there are now competing internal demands for resources such as capital, people, R&D and manufacturing facilities at these large organizations, resulting in a reprioritization of opportunities and many announcing their intent to either leave the segment or scale back investments.

On the other hand, there are also smaller companies, most of which are not vertically integrated, have limited portfolios and often lack sufficient resources, knowhow, and skills. As a result, they are required to partner or outsource several activities potentially losing control over costs and quality.

As a unique, vertically integrated global biosimilars player with a strong portfolio and proven track-record, Biocon Biologics can compete effectively in global markets.

### Biocon Biologics' robust product portfolio

We have one of the deepest and broadest portfolio of biosimilars in the industry, spanning across insulin, monoclonal antibodies, and recombinant proteins. We have a well-established offering in Diabetes, Oncology, and Immunology of which eight products are commercialized in global markets<sup>1</sup>.

We were the first company to receive U.S. FDA approval for bTrastuzumab and bPegfilgrastim. Our bInsulin Glargine was the first product to secure an 'interchangeability' designation in the U.S., a landmark milestone in the biosimilars industry. Our bBevacizumab and bAspart have received approval in EU and Canada and are awaiting approvals in the U.S. Our in-licensed Immunology products, bAdalimumab and bEtanercept, are both commercial in the EU. The launch of bAdalimumab in the U.S. expected to be a key growth driver in FY24 and beyond.

In addition to our 8 commercial products, we have a pipeline of 12 assets at various stages of development which also expand our offering to other therapeutic areas such as Bone Health and Ophthalmology. Our bAflibercept asset, acquired as part of the Viatris transaction, is the first-to-file biosimilar in the U.S. and is under FDA review. Upon approval and launch, it will mark our entry into the Ophthalmology segment. We have 3 assets currently in the clinic, bUstekinumab, bDenosumab and bPertuzumab, which are also progressing well. These late-stage products coupled with several other early-stage molecules will sustain our growth in medium and long term.

<sup>1</sup> Includes in-licensed programs (bAdalimumab and bEtanercept)

### Status of Biocon Biologics Product Portfolio (May 2023)

Therapeutic Area	Molecule	US	Dev Markets: ex-US	MoW <sup>2</sup>
Oncology	Pegfilgrastim		Europe, CANZ	
	Trastuzumab		Europe, CANZ	
	Bevacizumab		Europe, CANZ	
	Denosumab		Europe, CANZ, JP	
	Pertuzumab		UK, CANZ, JP	
Immunology	Adalimumab <sup>1</sup>		Europe, CANZ, JP	
	Etanercept <sup>1</sup>		Europe, AU	
	Ustekinumab		UK, CANZ, JP	
Diabetes	Glargine 100U		Europe, CANZ, JP	
	Glargine 300U			
World Health	Aspart		Europe, CA	
	rHI			
World Health	Denosumab		Europe, CANZ, JP	
Orphanology	Aflibercept <sup>1</sup>			
Orphanology	7 Assets			

Early Dev./ Preclinical    Clinical    Approved

Access to Serum's vaccine portfolio

<sup>1</sup> Partnered products | <sup>2</sup> MoW represents Most of the World markets. Chart represents the status of the country where the product is in most advanced stage. Every country has a different status

### Commercial performance of Biocon Biologics

Over the years, we have developed a strong network of strategic partners and distributors to commercialize our biosimilars in global markets. Together, we have successfully navigated through the nuances of regulatory approvals and taken our products to patients in 100+ global markets. The acquisition of Viatri's global biosimilars business will allow us to forward integrate these capabilities, especially in Advanced Markets.

By leveraging this hybrid commercial model, the business has delivered a strong performance in FY23 driven by increased market shares, key tender wins and over 35 new launches across both Advanced and Emerging Markets.

#### Advanced Markets

Our business in the U.S. recorded significant growth with all 3 commercial products (bPegfilgrastim, bTrastuzumab and bInsulin Glargine) crossing the 10% market share threshold. Prescription shares for our interchangeable bInsulin Glargine are trending higher which augurs well for FY24.

On the European front, our bTrastuzumab and bAdalimumab products, have seen an uptick market shares with bAdalimumab achieving double-digit market shares in Germany and France, two of the largest European Markets. As we start integrating the Viatri's commercial infrastructure in Europe, the region

will continue to be an important market for Biocon Biologics. We intend to leverage the strong acceptance of biosimilars in the region and increase focus in key countries with a bespoke strategy based on the nature of the market.

FY23 also saw the launch of four new products in Canada: bBevacizumab, bAdalimumab, bGlargine and bAspart. These launches expand our product offering to patients and build on our already strong foundation where we are the biosimilar market leader for bTrastuzumab.

#### Emerging Markets

Our presence in Emerging Markets is built through our organically developed B2B business and Viatri's led Emerging Markets business. Our B2B business has increased in both depth and breadth by entering new countries through regional partnerships and distributors as well as the addition of new products. We have further strengthened our recombinant human insulin (rHI) business in several key markets and hold majority market shares in some.

As a part of the Viatri's acquisition, we will be setting up direct commercial infrastructure in select Emerging Markets, allowing us to get closer to patients and customers, augmenting our direct commercialization strategy.

Our Branded Formulations India (BFI) business delivered growth in key Brands such as Canmab (bTrastuzumab), Krabeva (bBevacizumab) and Basalog (bInsulin Glargine).

### Biosimilars - FY23 Highlights:

FY23 has been a stepping-stone in our transformational journey as we prepare for important launches in FY24 and execute on the integration of Viatris' acquired biosimilar business. Our products have delivered strong performance during the year.

### Acquisition of Viatris' Global Biosimilars Business

We successfully closed the acquisition of Viatris' global biosimilars business, one of the largest outbound pharma deals in India, in November'22. This acquisition is transformational as it brings together complementary capabilities from both organizations and propels Biocon Biologics into a global biosimilars player with lab-to-market capabilities.

As a part of completing the transaction, we issued Compulsorily Convertible Preference Shares (CCPS) in BBL valued at \$1 billion and made an upfront cash payment of \$2 billion to Viatris. To fund the upfront payment, we raised \$1.2 billion of Sustainability Linked Loan (SLL). The balance was funded through an equity infusion of \$650m by Biocon Limited and \$150 million by Serum Institute Life Sciences (SILS). In May 2023, we raised ~\$98m from funds managed by Edelweiss Alternate Asset Advisors Limited through issuance of Optionally Convertible Debenture (OCDs) to Biocon Limited (which issued Non-Convertible Debentures (NCDs) to Edelweiss) and issuance of Compulsory Convertible Debentures (CCDs).

Post closure of the acquisition, Viatris continues to provide commercial and related services as part of a pre-agreed Transition Services Agreement. During this phase we remain focused on ensuring business continuity for all stakeholders. We have also drawn up a robust transition plan and intend to start integrating the business in a phased manner by geography in FY24.

### Product Performance

- **bPegfilgrastim:** In the U.S., we have seen an improvement in the market share of Fulphila® to low double-digit versus high-single digit at the beginning of the year. In Europe, there was an uptick in the market share reaching mid-single digit.
- **bTrastuzumab:** In the U.S., there was a temporary drop in market share of Ogivri® towards the end of FY22 which has recovered to low double digits. We have also seen a strong performance of Ogivri® in Canada and Australia. We have expanded our reach by entering new markets and win key tenders in our B2B Emerging Markets business, opening new opportunities for growth.

- **bBevacizumab:** We have launched our bBevacizumab in various countries during FY23 including Australia and Canada. We received a CRL from the U.S. FDA in Feb'23 citing the need for a satisfactory resolution of observations made during the facility inspection in Aug'22. We have submitted a comprehensive CAPA plan and are in dialog with the agency to address these expeditiously. There are no outstanding scientific queries.
- **bAdalimumab:** Hulio™ continues to maintain mid-single digit market share in EU and has delivered significant growth in key markets such as Germany and France where it has garnered double digit shares. It has been approved by the U.S. FDA with a launch planned in July 2023. It will be an important growth driver for the business.
- **bEtanercept:** Nepexto® was launched in the EU in August 2020 and we are seeing an uptick in shares in some markets.
- **bGlargine:** FY23 was the first full year of commercialization of our interchangeable Glargine in the U.S. Effective January 2022, Express Scripts and Prime Therapeutics, leading pharmacy benefit management organizations, had listed our bGlargine as a preferred insulin brand on their national formularies that together include more than 60 million patients' lives in the U.S. Towards the end of FY23, our Glargine's total prescription market share has been around low-double digit while new prescriptions were at mid-double digit, indicating strong demand for the product.
- **bAspart:** Our bAspart is approved in EU, Canada, and Malaysia. We received a CRL from the US FDA in Oct'22 citing the need for a satisfactory resolution of observations made during the facility inspection in Aug'22. Our comprehensive CAPA plan has been accepted by the Agency and we are expecting a site inspection in Q2FY24. The CRL did not identify any outstanding scientific issues with the product.
- **Recombinant Human Insulin (rHI):** We have commercialized recombinant human insulin in several Emerging Markets worldwide and continue to be one of the largest players globally with a majority share in markets such as Malaysia and Mexico.

We entered into a strategic out-licensing agreement with Japanese pharmaceuticals company Yoshindo Inc. for commercializing two of our pipeline biosimilar assets, bUstekinumab and bDenosumab, in the Japanese market. Under the terms of this deal, Yoshindo gets exclusive commercialization rights in Japan for bUstekinumab and bDenosumab developed

and manufactured by Biocon Biologics, for an addressable market opportunity of ~\$700m<sup>2</sup>. This partnership will allow us to expand our offering to patients in Japan.

### Facility Updates

The European Medicines Agency renewed the Certificate of GMP Compliance of our integrated insulins manufacturing facility in Malaysia following a site inspection in July 2022. We continue to invest in the expansion of this facility, driven by a strong demand for our current insulin portfolio and the needs of our future pipeline.

Our facility has been recognized as the first and largest integrated insulin manufacturer in Malaysia by the Malaysia Book of Records (MBR), which officially recognizes record-creating and record-breaking achievements in the fields of human endeavor, building & structures, transportation, arts & entertainment, business, sports & games, science & technology, nature etc. in Malaysia.

Our new integrated, multi-product mAbs Drug Substance Facility in Bangalore (B3) received a Certificate of GMP Compliance for bTrasutuzab and bBevacizumab, from the representative European inspection authority, Health Products Regulatory Authority (HPRA), Ireland. This approval reflects Biocon Biologics' compliance with the highest international regulatory standards and unlocks significant additional capacity to cater to the needs of patients in the EU as well as our pipeline products. This facility, one of India's largest monoclonal antibodies (mAbs) manufacturing facilities, was also awarded the 'Facility of the Year Award' (FOYA) with an 'Honourable Mention', by the International Society for Pharmaceutical Engineering (ISPE) in 2021

### ESG

As a purpose-driven organization with an unwavering commitment to integrity and ethics, we remain committed to going beyond financials to have a positive impact. In line with this commitment, we have set-up a ESG and CSR Board Committee as well as an internal ESG Steering Committee to help design and govern the implementation of our ESG strategy and programs.

We have identified five key ESG strategy pillars with clear targets such as increasing green power usage, reducing emissions,

<sup>2</sup> Source: IQVIA MAT Qs2, 2022 data

reducing fresh-water consumption in our operations, increasing filings in LIC/LMIC countries to improve access, and improving gender diversity in our workforce.

This Integrated Report is our first GRI-aligned Integrated Report aligned with the International Integrated Reporting Council's (IIRC) framework. Over the year we have improved our ESG score in the DJSI Index<sup>3</sup> from 45 to 52 and committed to the United Nations Global Compact, the world's largest corporate sustainability initiative.

<sup>3</sup> Scores based on joint submission of Biocon Limited and Biocon Biologics Limited

### Biosimilars - FY23 Financial Performance:

Biocon Biologics delivered a strong revenue growth of 61% over last year to Rs. 55,838 million on account of consolidation of the revenues from the acquired business for part of the year and improved uptake of our products across markets.

Core EBITDA margin, which is EBITDA less licensing, forex, mark-to-market loss on investments and R&D expense was at 41% versus 39% in FY22 driven by an increase in revenues. This is a reflection of the robust profitability of the core business.

We continue to invest significantly in our pipeline to drive future growth with three products under clinical development. These higher R&D investments (+187% vs. FY22) impacted our EBITDA margin from 29% in FY22 to 24% in FY23.

We ended the year on a strong note and remain focused on delivering profitable, sustainable growth.

### Biosimilars - FY24 Outlook:

FY24 will be a pivotal year for Biocon Biologics as we progress the integration of Viatrix' global biosimilars business. We ended FY23 on a \$1 billion revenue trajectory, forming a strong base for FY24.

There are clear growth catalysts, including the launch of bAdalimumab in the U.S., potential approval of bBevacizumab and bAspart in the U.S. and growth of our existing business. Our fully integrated business model, backed by a strong product portfolio, set us up well for long-term success.

## Financial Performance - An Overview

### Consolidated Balance Sheet

The following table highlights the Consolidated Balance Sheet as on March 31, 2023 (FY23) and March 31, 2022 (FY22)

All figures in ₹ million

Particulars	FY 23	FY 22	Change
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible, Intangible and Right-of-use assets	157,108	61,533	155%
Goodwill	161,098	-	100%
Financial assets	9,207	124	83x
Income-tax assets (net)	818	766	7%
Deferred tax assets (net)	1,807	1,095	65%
Other non-current assets	2,351	1,533	53%
	<b>332,389</b>	<b>65,051</b>	<b>411%</b>
<b>Current assets</b>			
Inventories	31,607	14,105	124%
Financial assets	33,974	15,579	118%
Other current assets	3,678	2,216	66%
	<b>69,259</b>	<b>31,900</b>	<b>117%</b>
<b>Total</b>	<b>401,648</b>	<b>96,951</b>	<b>314%</b>
<b>Equity and Liabilities</b>			
Equity share capital	13,217	10,588	25%
Other equity	162,859	11,520	14x
	<b>176,076</b>	<b>22,108</b>	<b>8x</b>
<b>Non-current liabilities</b>			
Financial liabilities	166,119	33,269	399%
Deferred tax liability (net)	3,713	523	7x
Provisions and other non-current liabilities	2,153	9,888	-78%
	<b>171,985</b>	<b>43,680</b>	<b>294%</b>
<b>Current liabilities</b>			
Financial liabilities	48,585	29,695	64%
Income -tax liability (net)	853	288	196%
Provisions and other current liabilities	4,149	1,180	252%
	<b>53,587</b>	<b>31,163</b>	<b>72%</b>
<b>Total</b>	<b>401,648</b>	<b>96,951</b>	<b>314%</b>

#### Non-current assets

Non-current assets grew 411%, primarily due to additions to intangible assets and goodwill recognised towards acquired Viatrix biosimilar business. Additions to tangible assets primarily pertains to Plant and Equipment and Research and Development equipment.

#### Other equity

Other equity mainly comprises of securities premium, reserves and surplus, equity component of preference shares, optionally convertible debentures and other reserves. The total other equity of the Company increased ~8 times in FY23, primarily on account of equity fund raised during the year to fund the acquisition of Viatrix biosimilar business.

### Non-current liabilities

Non-current liabilities increased by 294% in FY23, primarily due to new term loans from Banks. Proceeds from loans were used for acquiring Viatris biosimilar business.

### Working capital (current assets less current liabilities)

As at March 31, 2023 the Company had working capital of Rs. 15,672 million. Likewise comparison for working capital as on March 31, 2022 was at Rs. 13,601 million (i.e. excluding Preference share liability to Biocon Limited of Rs. 12,864 million). The improved working capital is on account of higher inventories and receivable and working capital acquired through Viatris biosimilar business acquisition.

### Debt equity

Total debt as at March 31, 2023 stood at Rs. 142,769 million (March 31, 2022 : Rs. 37,759 million) (Refer note 32 of the Consolidated Financial Statements of Biocon Biologics Limited) and the debt equity ratio stood at 0.80 (March 31, 2022 : 1.08). Decrease in the debt equity ratio during the year on account of long-term debt obtained by the Company to fund acquisition of Viatris biosimilar business. No material changes that may affect the financial position of the Group, have occurred after the close of the year, until date of Directors Report.

### Consolidated Statement of Profit and Loss

The following table highlights key components of the statement of Profit and Loss for the fiscal years ended March 31, 2023 (FY23) and March 31, 2022 (FY22)

All figures in ₹ million

Particulars	FY 23	FY 22	Change
Revenue from operations	55,838	34,643	61%
Other income	120	104	15%
<b>Total Income</b>	<b>55,958</b>	<b>34,747</b>	<b>61%</b>
<b>Expenses</b>			
Cost of material consumed	16,028	10,037	60%
Employee benefit expense	8,488	7,169	18%
Finance costs	2,969	668	344%
Depreciation and amortisation expense	6,382	4,029	58%
R&D expenses, net of recovery from co-development partners	8,890	3,100	187%
Other expenses	9,171	4,312	113%
<b>Total Expenses</b>	<b>51,928</b>	<b>29,315</b>	<b>77%</b>
<b>Profit before tax and exceptional item</b>	<b>4,030</b>	<b>5,432</b>	<b>-26%</b>
Exceptional item	(2,844)	(804)	254%
<b>Profit before tax</b>	<b>1,186</b>	<b>4,628</b>	<b>-74%</b>
Tax expense	(149)	803	-119%
<b>Profit attributable to shareholders of the Company</b>	<b>1,335</b>	<b>3,825</b>	<b>-65%</b>
Other comprehensive income attributable to shareholders	1,537	959	60%
<b>Total comprehensive income attributable to shareholders</b>	<b>2,872</b>	<b>4,784</b>	<b>-40%</b>

### Revenue

During the year, revenue grew by 61% on a consolidated basis from Rs. 34,643 million to Rs. 55,838 million. Increased in revenue over the last year has been driven by improved uptake of our products across markets along with a significant contribution from consolidation of the acquired Viatris' biosimilar business.

### Cost of materials consumed

Material costs for the year comprised of raw materials, packing materials, traded goods and change in inventories. Cost of material consumed, as a percentage of revenue from operations has remained at ~29% for the both the financial years FY23 and FY22.

### Employee benefit expenses

Our employee benefit expenses comprise the following items:

- Salaries, wages, allowances and bonuses
- Contributions to Provident Fund
- Contributions to gratuity provisions
- Amortisation of employees' stock compensation expenses, and welfare expenses (including employee insurance schemes)

These expenses increased 18% in FY23, primarily due to headcount increase driven by growth in business.

### Research and development expenses, net of recovery

The net R&D expenditure for FY23 increased by 187% times to Rs. 8,890 million (Rs. 3,100 million in FY22). We continue to invest significantly in our pipeline to drive future growth with three products under clinical development. Total spend was at ~16% (9% in FY22) of revenue

### Depreciation and amortization

During this fiscal, depreciation and amortization increased 58% to ₹ 6,382 million from 4,029 million in FY22, primarily due to amortisation charge on intangibles recognised towards acquired Viatris biosimilar business.

### Finance costs

The finance cost increased by 344% to Rs. 2,969 million from Rs. 668 million in FY 22, primarily due to long-term debt raised to fund acquisition of Viatris biosimilar business in November 2022.

### Exceptional items (net)

**The Exceptional items during FY 23 comprised the following:**

1. The Group obtained services of professional experts (like advisory, legal counsel, valuation experts etc.) for the

acquisition of Viatris biosimilar business during the year. The Group has recorded ₹ 2,374 million as an expense in the consolidated statement of profit and loss under the head 'Exceptional items'.

2. Pursuant to acquisition of Viatris biosimilar business during the year, the Group also reassessed the value of certain licensed products for development and commercialization and recorded an impairment of certain intangible assets amounting to ₹ 470 million. The impairment has been recognized as an exceptional item during the year ended March 31, 2023.

### Other comprehensive income

Other comprehensive income includes re-measurement gains/losses on defined benefit plans, gains/losses on hedging instruments designated as cash flow hedges and exchange differences on translation of foreign operations (FCTR). The increase is primarily due to FCTR gain of ₹ 1,529 million in FY 23 as against loss of ₹ 569 million in FY22. Gains on FCTR is partly offset by lower gains on hedging instruments as compared to FY22.

### Key financial ratios

Ratio	FY 2022-23	FY 2021-22
Revenue Growth	61%	24%
Core EBITDA margin	41%	39%
R&D as % of sales	16%	9%
EBITDA margin	24%	29%
Effective tax Rate	4%	19%
Debtors' turnover	3.47	4.74
Current ratio <sup>1</sup>	1.34	1.74
Debt equity ratio <sup>2</sup>	0.80	1.08

<sup>1</sup> Current liabilities exclude Non-Convertible Redeemable Preference Shares ("NCRPS") and Optionally Convertible Redeemable Preference Shares ("OCRPS") issued to Biocon Limited

<sup>2</sup> Equity includes NCRPS and OCRPS issued to Biocon Limited

# Standalone Financial Statements



# Independent Auditor's Report

To the Members of Biocon Biologics Limited

Report on the Audit of the Standalone Financial Statements

## Opinion

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

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

## Basis for Opinion

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

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone Financial Statements

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

In preparing the standalone financial statements, the respective Management and Board of Directors/Board of Trustees are responsible for assessing the ability of the Company/Trust 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/Board of Trustees either intends to liquidate the Company/Trust or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/Board of Trustees are responsible for overseeing the financial reporting process of the Company/Trust.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March 2023 taken

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

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

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

- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 33 (i) to the standalone financial statements.

- b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 31 to the standalone financial statements.

- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- d. (i) The management of the Company represented to us that, to the best of its knowledge and belief, as disclosed in the Note 42 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The management of the Company represented to us that, to the best of its knowledge and belief, as disclosed in the Note 42 to the standalone financial statements, no funds have been received by the Company from any

person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

- e. The 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 Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

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

In our opinion and according to the information and explanations given to us the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the 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 Number: 101248WW-100022

**Sampad Guha Thakurta**

Partner

Membership Number: 060573

ICAI UDIN: 23060573BGYNDO2598

Place: Bengaluru

Date: 23 May 2023

# Annexure A to the Independent Auditors' Report

on the Standalone 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)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties during the year. The Company has made investments, provided guarantee or security in companies in respect of which the requisite information is as below. The Company has not made any investments, provided guarantee or security in firms, limited liability partnership or any other parties.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has stood guarantee and security to subsidiary as below:

Particulars	Guarantees (INR Million)	Security (INR Million)	Loans (INR Million)	Advances in nature of loans (INR Million)
Aggregate amount during the year Subsidiaries*	126,146	98,616	-	-
Balance outstanding as at balance sheet date Subsidiaries*	126,968	98,616	-	-

\*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of Investment made, guarantee or security provided are, prima facie, not prejudicial to the interest of the company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loan or advance in the nature of loan to any party during the year. Accordingly, clause 3(iii)(c) to (iii)(f) of the order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments, guarantee or securities made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods or services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

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

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (INR Million)*	Amount paid under protest (INR in Million)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	986	166	FY 2009-10, FY 2015-16 and FY 2017-18	Commissioner (Appeals)
Value Added Tax Act, 2005	Value Added Tax	2	1	FY 2005-06	Commissioner (Appeal)
Entry Tax (The West Bengal Tax on Entry of Goods into Local Area Act 2012)	Entry Tax	20	20	FY 2012-13 to FY 2016-17	High Court of West Bengal
Value Added Tax Act, 2005	Value Added Tax	81	8	FY 2008-09 to FY 2015-16	Joint Commissioner (Appeal)
Value Added Tax Act, 2005	Value Added Tax	2	-	FY 2017-18	Additional Commissioner (Appeal)
Central Sales Tax Act 1956	CST	38	1	FY 2008-09 to 2013-14	Joint Commissioner (Appeal)
Central Sales Tax Act 1956	CST	2	-	FY 2017-18	Additional Commissioner (Appeal)

\* All the figures have been rounded off to millions.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the

books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, Company has made private placement and preferential allotment of equity shares and compulsorily convertible preference shares during the year and the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with. Further, according to the information and explanation provided to us, amounts raised have been used by the Company for the purposes for which the funds were raised. The Company has not made any preferential allotment of fully or partly convertible debentures during the year.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has incurred cash losses of INR 1,963 Million in the current financial year; however no cash loss was incurred in previous year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable.

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

Chartered Accountants

Firm's Registration Number: 101248WW-100022

**Sampad Guha Thakurta**

Partner

Membership Number: 060573

ICAI UDIN: 23060573BGYNDO2598

Place: Bengaluru

Date: 23 May 2023

# Annexure B to the Independent Auditors' Report

on the standalone financial statements of Biocon Biologics Limited for the year ended 31 March 2023

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

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

## Opinion

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of 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 Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial

statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

## Meaning of Internal Financial Controls with Reference to Financial Statements

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

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

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to

future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Chartered Accountants

Firm's Registration Number: 101248WW-100022

**Sampad Guha Thakurta**

Partner

Membership Number: 060573

ICAI UDIN: 23060573BGYNDO2598

Place: Bengaluru

Date: 23 May 2023

# Standalone 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>Non-current assets</b>			
Property, plant and equipment	3(a)	18,797	6,981
Capital work-in-progress	3(a)	10,571	20,952
Other intangible assets	4	160	277
Right-of-use assets	3(b)	1,445	1,759
<b>Financial assets</b>			
(i) Investments	5(a)	166,057	18,051
(ii) Derivative assets		63	53
(iii) Other financial assets	6(a)	84	60
Income-tax assets (net)		818	766
Deferred tax assets (net)	7	1,807	1,095
Other non-current assets	8(a)	1,561	1,329
<b>Total non-current assets</b>		<b>201,363</b>	<b>51,323</b>
<b>Current assets</b>			
Inventories	9	15,509	9,840
<b>Financial assets</b>			
(i) Investments	5(b)	463	105
(ii) Trade receivables	10	5,827	8,477
(iii) Cash and cash equivalents	11	1,202	628
(iv) Bank balance other than (iii) above	11	500	1,000
(v) Derivative assets		148	171
(vi) Other financial assets	6(b)	773	340
Other current assets	8(b)	1,714	1,655
<b>Total current assets</b>		<b>26,136</b>	<b>22,216</b>
<b>TOTAL</b>		<b>227,499</b>	<b>73,539</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12(a)	13,217	10,588
Other equity	12(b)	154,639	10,618
<b>Total equity</b>		<b>167,856</b>	<b>21,206</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	13	27,748	23,538
(ii) Lease liabilities	27	1,316	1,572
(iii) Derivative liabilities		21	30
(iv) Other financial liabilities	18(a)	6,583	-
Provisions	14(a)	340	299
Other non-current liabilities	15(a)	1,330	1,094
<b>Total non-current liabilities</b>		<b>37,338</b>	<b>26,533</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	16	10,842	18,771
(ii) Lease liabilities	27	473	486
(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		7,913	4,517
(iv) Derivative liabilities		131	106
(v) Other financial liabilities	18(b)	1,147	763
Provisions	14(b)	479	421
Income tax liabilities (net)		-	86
Other current liabilities	15(b)	307	275
<b>Total current liabilities</b>		<b>22,305</b>	<b>25,800</b>
<b>TOTAL</b>		<b>227,499</b>	<b>73,539</b>

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

As per our Report of even date attached

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**

Partner

Membership No.: 060573

Bengaluru

May 23, 2023

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

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

**M. B. Chinappa**

Chief Financial Officer

Bengaluru

May 22, 2023

**Shreehas P Tambe**

Managing Director

DIN: 09796480

**Deepika Srivastava**

Company Secretary

Membership No. : A23654

# Standalone 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	20,924	23,625
Other income	20	969	103
<b>Total income</b>		<b>21,893</b>	<b>23,728</b>
<b>EXPENSES</b>			
Cost of raw materials and packing materials consumed	21	10,240	7,170
Purchases of traded goods		829	1,467
Changes in inventories of traded goods, finished goods and work-in-progress	22	(3,224)	(687)
Employee benefit expenses	23	6,311	5,399
Finance cost	24	1,243	591
Depreciation and amortisation expense	25	2,281	1,552
Other expenses	26	9,661	6,733
		27,341	22,225
Less: Recovery of cost from co-development partners (net)		(235)	(224)
<b>Total expenses</b>		<b>27,106</b>	<b>22,001</b>
<b>(Loss)/profit before exceptional item and tax</b>		<b>(5,213)</b>	<b>1,727</b>
Exceptional items	38	(38)	(804)
<b>(Loss)/profit before tax</b>		<b>(5,251)</b>	<b>923</b>
<b>Tax (credit)/expense</b>	29		
Current tax		(81)	267
Deferred tax charge/(credit)			
MAT credit entitlement		32	(97)
Other deferred tax		(749)	(107)
<b>Tax (credit)/expense</b>		<b>(798)</b>	<b>63</b>
<b>(Loss)/profit for the year</b>		<b>(4,453)</b>	<b>860</b>
<b>Other comprehensive (expense)/income</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement (loss)/gain on defined benefit plans		(33)	(19)
Income tax effect		12	6
		<b>(21)</b>	<b>(13)</b>
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
Effective portion of gain/(loss) on hedging instrument in cash flow hedges		44	507
Income tax effect		(16)	(154)
		<b>28</b>	<b>353</b>
<b>Other comprehensive income for the year, net of taxes</b>		<b>7</b>	<b>340</b>
<b>Total comprehensive (expense)/income for the year</b>		<b>(4,446)</b>	<b>1,200</b>
<b>Earnings per equity share</b>	34		
Basic (in ₹)		(3.82)	0.81
Diluted (in ₹)		(3.48)	0.78

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

May 23, 2023

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

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

**M. B. Chinappa**

Chief Financial Officer

Bengaluru

May 22, 2023

**Shreehas P Tambe**

Managing Director

DIN: 09796480

**Deepika Srivastava**

Company Secretary

Membership No. : A23654

# Standalone Statement of Changes In Equity

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>(A) Equity share capital</b>		
Opening balance	10,588	10,588
Shares issued during the year	2,629	-
<b>Closing balance</b>	<b>13,217</b>	<b>10,588</b>

## B. Other equity

Particulars	Equity component of optionally convertible debentures	Equity component of compulsorily convertible preference shares	Securities premium	Retained earnings	SEZ reinvestment reserve	Reserves and surplus				Other comprehensive income		Total other equity	
						Amalgamation adjustment	Debt redemption reserve	Capital redemption Reserve	Share based payment reserve	Treasury shares	Cash flow hedging reserve		Other items of other comprehensive income/expense
<b>As at April 1, 2021</b>	959	-	7,378	1,019	-	(1,614)	1,325	1,292	-	-	(417)	(37)	9,905
Profit/(loss) for the period	-	-	-	860	-	-	-	-	-	-	-	-	860
Other comprehensive income/expense, net of tax	-	-	-	-	-	-	-	-	-	353	-	(13)	340
<b>Total comprehensive income for the period</b>	-	-	-	860	-	-	-	-	-	353	-	(13)	1,200
<b>Transactions recorded directly in equity</b>													
Transfer to debt redemption reserve (refer note 13(d))	-	-	-	(38)	-	-	38	-	-	-	-	-	-
Modification impact on OCD (refer note 13(d))	(959)	-	-	60	-	-	-	-	-	-	-	-	(899)
Employee stock compensation expense (refer note 36)	-	-	-	-	-	-	-	-	412	-	-	-	412
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	-	(103)	103	-	-	-	-	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	-	103	(103)	-	-	-	-	-	-	-	-
<b>As at March 31, 2022</b>	-	-	7,378	1,901	-	(1,614)	1,363	1,292	412	-	(64)	(50)	10,618
(Loss)/profit for the period	-	-	-	(4,453)	-	-	-	-	-	-	28	(21)	(4,453)
Other comprehensive income/expense, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	7
<b>Total comprehensive income for the period</b>	-	-	-	(4,453)	-	-	-	-	-	-	28	(21)	(4,446)
<b>Transactions recorded directly in equity</b>													
Employee stock compensation expense (refer note 36)	-	-	-	-	-	-	-	-	447	-	-	-	447
Securities premium received on issue of equity shares during the year	-	-	63,022	-	-	-	-	-	-	-	-	-	63,022
Conversion of Optionally Convertible Redeemable Preference Shares to equity shares (refer note 12(a)(i)(c))	-	-	10,424	-	-	-	-	-	-	-	-	-	10,424
Dividend paid	-	-	-	(228)	-	-	-	-	-	-	-	-	(228)
Compulsorily Convertible Preference Shares issued during the year (refer note 12(a)(i)(d))	-	2,312	79,869	-	-	-	-	-	-	-	-	-	82,181
Contingent consideration embedded in Convertible Preference Shares at inception (refer note 18(a))	-	-	(7,366)	-	-	-	-	-	-	-	-	-	(7,366)
Treasury shares with Biocon Biologics Employee Welfare Trust (refer note 12(b))	-	-	-	-	-	-	-	-	-	(13)	-	-	(13)
<b>As at March 31, 2023</b>	-	2,312	153,327	(2,780)	-	(1,614)	1,363	1,292	859	(13)	(36)	(71)	154,639

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our Report of even date attached

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

Chartered Accountants

Firm Registration Number: 101248/W-100022

**Sampad Guha Thakurta**

Partner

Membership No.: 060573

Bengaluru

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

**Deepika Srivastava**

Company Secretary

Membership No. : A23654

# Standalone Statement of Cash Flows

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>I Cash flows from operating activities</b>		
<b>(Loss)/profit for the year</b>	(4,453)	860
<b>Adjustments to reconcile (loss)/profit for the year to net cash flows</b>		
Depreciation and amortisation expenses	2,281	1,552
Unrealised foreign exchange (gain)/loss	1,297	20
Tax expense	(798)	63
Finance costs	1,243	591
Interest income	(29)	(53)
Net gain on sale of current investments	(67)	(25)
Net gain on financial liabilities measured at fair value through profit or loss	(783)	-
Share based compensation expense	447	412
Loss on sale of property, plant and equipment	-	1
Exceptional expenses (non-cash)	38	-
<b>Operating profit before working capital changes</b>	<b>(824)</b>	<b>3,421</b>
<b>Movements in working capital</b>		
(Increase) in inventories	(3,323)	(766)
Decrease/(Increase) in trade receivables	2,596	(3,715)
Increase/(Decrease) in trade payables, other liabilities and provisions	4,025	(29)
(Increase) in other assets	(712)	(433)
<b>Cash generated from/(used in) from operations</b>	<b>1,762</b>	<b>(1,522)</b>
Income taxes paid (net of refunds)	(56)	(170)
<b>Net cash flow generated from/(used in) operating activities</b>	<b>1,706</b>	<b>(1,692)</b>
<b>II Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,853)	(5,686)
Purchase of other intangible assets	(33)	(244)
Proceeds from sale of property, plant and equipment	3	-
Purchase of equity shares of subsidiary	(417)	-
Purchase of preference shares of subsidiary	(65,408)	-
Proceeds from sale of current investments	69,877	10,555
Purchase of current investments	(70,168)	(7,306)
Redemption of fixed deposit with original maturity more than 3 months	500	1,000
Interest received	15	42
<b>Net cash flow (used in) investing activities</b>	<b>(69,484)</b>	<b>(1,639)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from issuance of equity shares (net of expenses)	65,265	-
Repayment of lease liabilities (including interest)	(540)	(506)
Proceeds from current borrowings (net)	4,930	3,145
Interest paid	(1,105)	(638)
Dividend paid	(228)	-
<b>Net cash flow generated from financing activities</b>	<b>68,322</b>	<b>2,001</b>

# Standalone Statement of Cash Flows

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>IV Net increase/(decrease) in cash and cash equivalents (I + II + III)</b>	544	(1,330)
<b>V Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	30	67
<b>VI Cash and cash equivalents at the beginning of the year</b>	628	1,891
<b>VII Cash and cash equivalents at the end of the year (IV + V + VI)</b>	<b>1,202</b>	<b>628</b>
<b>Reconciliation of cash and cash equivalents as per statement of cash flow Cash and cash equivalents (Note 11)</b>		
Balances with banks - on current accounts	1,202	628
<b>Balance as per statement of cash flows</b>	<b>1,202</b>	<b>628</b>

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

	As at April 1, 2022	Cash flows	Non -cash movement	As at March 31, 2023
Non-current borrowings (including current maturities)	36,402	-	(8,654)	27,748
Current borrowings (excluding current maturities)	5,907	4,930	5	10,842
Interest accrued but not due	131	30	-	161
<b>Total liabilities from financing activities</b>	<b>42,440</b>	<b>4,960</b>	<b>(8,649)</b>	<b>38,751</b>

	As at April 1, 2021	Cash flows	Non -cash movement *	As at March 31, 2022
Non-current borrowings (including current maturities)	34,147	-	2,255	36,402
Current borrowings (excluding current maturities)	2,782	3,145	(20)	5,907
Interest accrued but not due	122	9	-	131
<b>Total liabilities from financing activities</b>	<b>37,051</b>	<b>3,154</b>	<b>2,235</b>	<b>42,440</b>

\* includes equity component of Optionally convertible debentures ("OCD") amounting to ₹ 959. [Refer note 13 (d)]

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our Report of even date attached

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**Sampad Guha Thakurta**

Partner

Membership No.: 060573

Bengaluru

May 23, 2023

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

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

**M. B. Chinappa**

Chief Financial Officer

Bengaluru

May 22, 2023

**Shreehas P Tambe**

Managing Director

DIN: 09796480

**Deepika Srivastava**

Company Secretary

Membership No. : A23654

# Notes to the standalone 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)

## 1. Company Overview

### 1.1 Reporting entity

Biocon Biologics Limited (“BBL” or “the Company”), a subsidiary of Biocon Limited, was incorporated on June 8, 2016 under the Companies Act, 2013 as a public limited company. 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. The Company is engaged in manufacture and development of pharmaceutical formulations.

### 1.2 Basis of preparation of financial statements

#### a) Statement of compliance

The standalone 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 standalone financial statements are approved for issuance by the Company’s Board of Directors on May 22, 2023.

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

#### b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

#### c) Basis of measurement

These standalone 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

#### d) Use of estimates and judgements

The preparation of the standalone 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 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 standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 31 — Financial instruments;
- Note 2(b), 2(c), and 3 — Useful lives of property, plant and equipment and intangible assets;
- Note 2(g) and 30 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 2(k), 29 and 33 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets;

## Notes to the standalone 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)

- Note 2(i) 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, 2023 is included in the following notes:

- Note 2(f)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 7 and 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2(i) and 19 – Revenue Recognition; estimate of expected returns, chargebacks, rebates and other allowances;
- Note 30 – measurement of defined benefit obligation: key actuarial assumptions;
- Note 31 – impairment of financial assets; and
- Note 14 and 33 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 36 – Employee stock compensation

### 1.4 Measurement of fair values

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 31 – financial instruments.
- Note 36 – Employee stock compensation.

## 2 Significant accounting policies

### a. Financial instruments

#### i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

#### ii. Classification and subsequent measurement Financial assets

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

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



## Notes to the standalone 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)

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

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

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

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

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

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

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

*Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. 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

## Notes to the standalone 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)

statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

### iii. *Derecognition Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company 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 Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

### iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### v. *Derivative financial instruments and hedge accounting*

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

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

#### *Cash flow hedges*

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

## Notes to the standalone 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)

or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

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

### vi. *Investments in subsidiaries*

Equity investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

### 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 Company's cash management.

### viii. *Cash dividend to equity holders*

The Company 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 Company. 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.

## b. **Property, plant and equipment**

### i. *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of 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 Company.

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 Company 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

## Notes to the standalone 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)

Asset	Management estimate of useful life	Useful life as per Schedule II
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	

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.

**c. 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 Company 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

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

**d. Business combination**

In accordance with Ind AS 103, Business combinations, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company. 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 Company 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 standalone financial statements in respect of prior periods is restated as if the business combination had occurred from the

## Notes to the standalone 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)

beginning of the preceding period in the standalone 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.

### e. 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.

### f. Impairment

#### i. *Impairment of financial assets*

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

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- 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 Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

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. Goodwill once impaired are not subsequently reversed.

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

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating 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.

## Notes to the standalone 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)

### g. Employee benefits

#### i. Gratuity

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

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to statement of 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 Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated

absences is recognised is the period in which the 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 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.

#### h. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that

## Notes to the standalone 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)

reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

### *Onerous contracts*

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

### **i. Revenue from contracts with customers**

#### **i. Sale of goods**

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised 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 expense.

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

### *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 Company 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 Company 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

## Notes to the standalone 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)

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 when 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 and when underlying sales are made/ completed.

The Company recognises a deferred income / contract liability if consideration has been received (or has become receivable) before the company 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 Company 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 Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Company's estimate of expected sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.
- vi. *Dividends*  
Dividend is recognised when the Company'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 Company capitalises the gross cost of these assets as the Company controls these assets.
- viii. *Interest income and expense*  
Interest income or expense is recognised using the effective interest method.
- ix. *Export incentive accrual*  
Income in respect of entitlement towards export incentives is recognised in accordance with the relevant scheme on recognition of the related export sales.



## Notes to the standalone 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)

### j. Government grants

The Company 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.

### k. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 standalone 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 Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or

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

### l. Borrowing cost

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

### m. Leases

#### (i) *The Company as lessee:*

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

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

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in

## Notes to the standalone 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)

which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

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

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

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

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

### n. 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

### o. 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.

### p. Operating cycle

The Company 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;

## Notes to the standalone 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 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 Company'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.

## Notes to the standalone 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

	Building	Leasehold improvements	Plant and equipment [Refer note (a)]	Research and development equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
<b>Gross carrying amount</b>								
<b>As at April 01, 2021</b>	<b>12</b>	<b>69</b>	<b>10,164</b>	<b>2,131</b>	<b>253</b>	<b>25</b>	<b>12,654</b>	<b>15,924</b>
Additions	-	35	1,228	69	34	16	1,382	6,410
Disposals/transfers	-	-	(155)	(68)	-	(5)	(228)	(1,382)
<b>As at March 31, 2022</b>	<b>12</b>	<b>104</b>	<b>11,237</b>	<b>2,132</b>	<b>287</b>	<b>36</b>	<b>13,808</b>	<b>20,952</b>
Additions	-	2,402	10,679	251	216	18	13,566	3,185
Disposals/transfers	-	-	(9)	-	-	(8)	(17)	(13,566)
<b>As at March 31, 2023</b>	<b>12</b>	<b>2,506</b>	<b>21,907</b>	<b>2,383</b>	<b>503</b>	<b>46</b>	<b>27,357</b>	<b>10,571</b>
<b>Accumulated depreciation</b>								
<b>As at April 01, 2021</b>	<b>4</b>	<b>8</b>	<b>4,731</b>	<b>1,006</b>	<b>105</b>	<b>7</b>	<b>5,861</b>	<b>-</b>
Depreciation for the year	1	18	907	165	36	5	1,131	-
Disposals	-	-	(130)	(33)	-	(2)	(165)	-
<b>As at March 31, 2022</b>	<b>5</b>	<b>26</b>	<b>5,508</b>	<b>1,138</b>	<b>141</b>	<b>10</b>	<b>6,827</b>	<b>-</b>
Depreciation for the year	-	68	1,452	168	54	6	1,747	-
Disposals	-	-	(9)	-	-	(5)	(14)	-
<b>As at March 31, 2023</b>	<b>5</b>	<b>94</b>	<b>6,950</b>	<b>1,305</b>	<b>195</b>	<b>11</b>	<b>8,560</b>	<b>-</b>
<b>Net carrying amount</b>								
<b>As at March 31, 2022</b>	<b>7</b>	<b>78</b>	<b>5,729</b>	<b>994</b>	<b>146</b>	<b>26</b>	<b>6,981</b>	<b>20,952</b>
<b>As at March 31, 2023</b>	<b>7</b>	<b>2,412</b>	<b>14,957</b>	<b>1,078</b>	<b>308</b>	<b>35</b>	<b>18,797</b>	<b>10,571</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 against loan taken by the Company, refer note 13.

(d) Borrowing cost capitalised during the year amounted to ₹ 1,150. (March 31, 2022: ₹ 990).

(e) Refer note 33(ii) for contractual commitments for purchase of property, plant and equipment.

(f) Depreciation for Building are not presented since the amounts are rounded off to Rupees million.

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## Notes to the standalone 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 equipment and Capital work-in-progress (Contd.)

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	3,234	2,334	3,997	1,006	10,571
<b>As at March 31, 2023</b>	<b>3,234</b>	<b>2,334</b>	<b>3,997</b>	<b>1,006</b>	<b>10,571</b>
Projects in progress	6,252	6,068	4,793	3,839	20,952
<b>As at March 31, 2022</b>	<b>6,252</b>	<b>6,068</b>	<b>4,793</b>	<b>3,839</b>	<b>20,952</b>

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	-	6,159	-	-	6,159
<b>As at March 31, 2023</b>	<b>1,962</b>	<b>6,159</b>	<b>-</b>	<b>-</b>	<b>8,121</b>
<b>Projects in progress</b>					
Project 1*	13,239	-	-	-	13,239
Project 2	-	1,637	-	-	1,637
Project 3	-	4,470	-	-	4,470
<b>As at March 31, 2022</b>	<b>13,239</b>	<b>6,107</b>	<b>-</b>	<b>-</b>	<b>19,346</b>

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

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

	Land	Buildings	Plant and equipment	Total
<b>Gross carrying amount</b>				
<b>As at April 01, 2021</b>	<b>53</b>	<b>1,297</b>	<b>1,064</b>	<b>2,414</b>
Additions	-	398	-	398
Disposals	-	-	-	-
<b>As at March 31, 2022</b>	<b>53</b>	<b>1,695</b>	<b>1,064</b>	<b>2,812</b>
Additions	-	70	-	70
Disposals	-	(173)	-	(173)
<b>As at March 31, 2023</b>	<b>53</b>	<b>1,592</b>	<b>1,064</b>	<b>2,709</b>
<b>Accumulated depreciation</b>				
<b>As at April 01, 2021</b>	<b>10</b>	<b>339</b>	<b>335</b>	<b>684</b>
Depreciation for the year*	5	189	175	369
Disposals	-	-	-	-
<b>As at March 31, 2022</b>	<b>15</b>	<b>528</b>	<b>510</b>	<b>1,053</b>
Depreciation for the year*	5	204	175	384
Disposals	-	(173)	-	(173)
<b>As at March 31, 2023</b>	<b>20</b>	<b>559</b>	<b>685</b>	<b>1,264</b>
<b>Net carrying amount</b>				
<b>As at March 31, 2022</b>	<b>38</b>	<b>1,167</b>	<b>554</b>	<b>1,759</b>
<b>As at March 31, 2023</b>	<b>33</b>	<b>1,033</b>	<b>379</b>	<b>1,445</b>

\*includes ₹ 1 capitalised during the year (March 31, 2022: ₹ 5).

## Notes to the standalone 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)

### 4. Other Intangible assets

	Computer software	Total
<b>Gross carrying amount</b>		
As at April 01, 2021	197	197
Additions	244	244
<b>As at March 31, 2022</b>	<b>441</b>	<b>441</b>
Additions	34	34
<b>As at March 31, 2023</b>	<b>475</b>	<b>475</b>
<b>Accumulated amortisation</b>		
As at April 01, 2021	107	107
Amortisation for the year	57	57
<b>As at March 31, 2022</b>	<b>164</b>	<b>164</b>
Amortisation for the year	151	151
<b>As at March 31, 2023</b>	<b>315</b>	<b>315</b>
<b>Net carrying amount</b>		
As at March 31, 2022	277	277
<b>As at March 31, 2023</b>	<b>160</b>	<b>160</b>

(a) Refer note 33(ii) for contractual commitments for purchase of intangible assets.

### 5. Investments

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
<b>Unquoted equity instruments</b>		
<b>In subsidiary company at cost:</b>		
Biocon Biologics UK Limited - 116,771,297 (March 31, 2022 : 116,771,297) equity shares of GBP 1 each	10,810	10,810
Biosimilars Newco Limited - 1,000,000,000 (March 31, 2022 : NIL) equity shares of USD 1 each *	82,598	-
* Provided as security against loan taken by subsidiary - Biosimilars Newco Limited. Also refer note 28.		
<b>Unquoted preference shares</b>		
<b>In subsidiary company at cost:</b>		
Biocon Biologics UK Limited		
Optionally convertible redeemable-non cumulative preference shares of USD 1 each 900,000,000 (March 2022 - 100,000,000 shares) fully paid	72,649	7,241
	<b>166,057</b>	<b>18,051</b>
<b>Aggregate amount of unquoted investments</b>	166,057	18,051
<b>Aggregate amount of impairment in value of investments</b>	-	-
[Also refer note 28 for details on related party transactions]		
<b>(b) Current</b>		
<b>Quoted - Investment in mutual funds at fair value through profit or loss :</b>		
Investment in mutual funds	463	105
<b>Quoted - Investment in mutual funds at fair value through profit or loss</b>	<b>463</b>	<b>105</b>
<b>Aggregate market value of quoted investments</b>	463	105
<b>Aggregate carrying value of quoted investments</b>	463	105
The Company's exposure of credit and currency risks, and loss allowances are disclosed in notes 31.		

## Notes to the standalone 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)

### 6. Other financial assets

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
Deposits	84	60
	<b>84</b>	<b>60</b>
<b>(b) Current</b>		
Interest accrued but not due	25	12
Other receivables (considered good - Unsecured):		
Others*	748	328
	<b>773</b>	<b>340</b>

\* Refer note 28 for details on related party transactions.

### 7. Deferred tax assets

	March 31, 2023	March 31, 2022
<b>Deferred tax liabilities</b>		
Property, plant and equipments	1,406	283
Derivative assets	94	78
<b>Gross deferred tax liabilities</b>	<b>1,500</b>	<b>361</b>
<b>Deferred tax assets</b>		
MAT credit entitlement	881	913
Provision for employee benefit	182	132
Allowance for doubtful debts	9	9
Derivative liabilities	51	52
Deferred revenue	76	30
Lease liabilities	103	90
Expenses allowed on payment basis	107	189
Carried forward losses	1,722	-
Others	176	41
<b>Gross deferred tax assets</b>	<b>3,307</b>	<b>1,456</b>
<b>Deferred tax asset (net)</b>	<b>1,807</b>	<b>1,095</b>

### 8. Other assets

	March 31, 2023	March 31, 2022
<b>(Unsecured considered good, unless otherwise stated)</b>		
<b>(a) Non-current</b>		
Capital advances	212	140
Duty drawback receivable	24	32
Balances with statutory/government authorities	669	467
Prepayments	656	690
	<b>1,561</b>	<b>1,329</b>
<b>(b) Current</b>		
Advance to suppliers	589	294
Export incentive receivable	8	143
Balances with statutory/government authorities	831	869
Prepayments	286	349
	<b>1,714</b>	<b>1,655</b>

## Notes to the standalone 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)

### 9. Inventories

	March 31, 2023	March 31, 2022
Raw materials, including goods-in-bond*	3,752	2,475
Packing materials	2,410	1,242
Work-in-progress	6,508	4,387
Finished goods	2,439	1,481
Traded goods	400	255
	<b>15,509</b>	<b>9,840</b>

\*includes goods in-transit ₹ 39 (March 31, 2022: ₹ 19)

Write-down of inventories to net realisable value and provision for stock obsolescence amounted to ₹ 374 (March 31, 2022: ₹ 226). 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.

### 10. Trade receivables

	March 31, 2023	March 31, 2022
<b>Current</b>		
(a) Trade receivables considered good - Unsecured [also refer note 28]	5,827	8,477
(b) Trade receivables - credit impaired	27	27
	<b>5,854</b>	<b>8,504</b>
Allowance for expected credit loss	(27)	(27)
<b>Net trade receivables</b>	<b>5,827</b>	<b>8,477</b>

Refer note 28 for details on related party transactions. Also refer note 31 for the Company's exposure to credit risk and currency risk.

#### (a) Trade receivables Ageing Schedule

As at 31 March 2022	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	2,495	2,483	832	-	17	-	-	5,827
Undisputed trade receivables - credit impaired	-	-	-	5	2	9	11	27
<b>As at March 31, 2023</b>	<b>2,495</b>	<b>2,483</b>	<b>832</b>	<b>5</b>	<b>19</b>	<b>9</b>	<b>11</b>	<b>5,854</b>
Undisputed trade receivables - considered good	1,930	5,515	554	152	326	-	-	8,477
Undisputed trade receivables - credit impaired	-	-	-	12	9	-	6	27
<b>As at March 31, 2022</b>	<b>1,930</b>	<b>5,515</b>	<b>554</b>	<b>164</b>	<b>335</b>	<b>-</b>	<b>6</b>	<b>8,504</b>

### 11. Cash and bank balances

	March 31, 2023	March 31, 2022
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	1,202	628
	<b>1,202</b>	<b>628</b>
<b>Other bank balance</b>		
Deposits with remaining maturity of less than 12 months	500	1,000
	<b>500</b>	<b>1,000</b>
<b>Total cash and bank balances</b>	<b>1,702</b>	<b>1,628</b>

(a) The Company has cash on hand which are not disclosed above since amounts are rounded off to Rupees million



## Notes to the standalone 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 ₹ 10 each (March 31, 2022: ₹ 10 each)	25,000	15,000
1,000,000,000 (March 31, 2022: 2,000,000,000) preference shares of ₹ 10 each (March 31, 2022: ₹ 10 each)	10,000	20,000
<b>Issued, subscribed and fully paid-up share capital</b>		
1,321,724,958 (March 31, 2022: 1,058,849,676) equity shares of ₹ 10 each	13,217	10,588
205,420,000 (March 31, 2022: 205,420,000) Non Convertible Redeemable Preference Shares ("NCRPS") of ₹ 10 each	2,054	2,054
NIL (March 31, 2022: 1,081,000,000) Optionally Convertible Redeemable Preference Shares ("OCRPS") of ₹ 10 each	-	10,810
231,163,944 (March 31, 2022: NIL) Compulsorily Convertible Preference Shares ("CCPS") of ₹ 10 each	2,312	-
	<b>17,583</b>	<b>23,452</b>
Less : NCRPS and OCRPS classified as a financial liability (refer note 13)	(2,054)	(12,864)
Less : CCPS 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.	₹ Million	No.	₹ Million
At the beginning of the year	1,058,849,676	10,588	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>1,058,849,676</b>	<b>10,588</b>
(b) Non convertible redeemable preference shares	March 31, 2023		March 31, 2022	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	205,420,000	2,054	205,420,000	2,054
Redeemed 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.	₹ Million	No.	₹ Million
At the beginning of the year	1,081,000,000	10,810	1,081,000,000	10,810
Redeemed during the year	(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.	₹ Million	No.	₹ 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 ₹ 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.

## Notes to the standalone 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)

### (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) 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 ₹ 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.
- (iii) The holder of CCPS shall be entitled to preferential dividend of 0.001% per annual 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 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.

## Notes to the standalone 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)

### (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 ₹ 10 each fully paid</b>				
Biocon Limited, the Holding Company (including shares held through nominees and its subsidiaries)	1,216,568,780	92.04%	989,717,600	93.47%
<b>NCRPS of ₹ 10 each fully paid</b>				
Biocon Limited, the Holding Company	205,420,000	100.00%	205,420,000	100.00%
<b>OCRPS of ₹ 10 each fully paid</b>				
Biocon Limited, the Holding Company	-	-	1,081,000,000	100.00%
<b>CCPS of ₹ 10 each fully paid</b>				
Mylan Inc	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 ₹ 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 shareholders 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 at a issue price of ₹ 280.74 per share and 231,163,944 CCPS of ₹ 10 each for ₹ 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, please refer notes 12(a)(ii)(c), 12(a)(ii)(d) and note 13(d).
- (viii) For details of shares reserved for issue under Employee stock compensation plans, please refer note 36.

### (ix) Shareholding of Promoters

	March 31, 2023		March 31, 2022		March 31, 2021		% Change during the year ending	
	No. of shares	% of total shares	No. of shares	% of total shares	No. of shares	% of total shares	March 31, 2023	March 31, 2022
<b>Biocon Limited</b>								
(a) Equity shares	1,216,568,780	92.04%	989,717,600	93.47%	989,717,600	93.47%	(1.43%)	-
(b) NCRPS	205,420,000	100.00%	205,420,000	100.00%	205,420,000	100.00%	-	-
(c) OCRPS	-	-	1,081,000,000	100.00%	1,081,000,000	100.00%	(100%)	-

### (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 were converted to equity shares during the year [refer note 12(a)(ii)(c)(v)]

## Notes to the standalone 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)

### (xi) Dividends

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2023 was ₹ 0.2155 per equity share (March 31, 2022 : Nil). The Board of Directors had recommended a final dividend of ₹ 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 ₹ 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.

#### SEZ reinvestment 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 Company 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 Company 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.

#### Share based payment reserve

The Company has established equity settled share based payment plans for certain categories of employees of the Company. Refer note 36 for further details on these plans.

#### Treasury shares

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

#### Cash flow hedging reserves

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

#### 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.

## Notes to the standalone 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)

### 13. Non-current borrowings

	March 31, 2023	March 31, 2022
<b>Loans from banks (secured)</b>		
Term loan [refer note (a) and (b) below]	9,664	9,194
Non convertible debentures ("NCD") [refer note (c) below]	2,000	2,000
<b>Other loans from related parties (unsecured)</b>		
Non Convertible Redeemable Preference Shares [refer note 12(a)(ii)(b)]	2,054	2,054
Optionally Convertible Redeemable Preference Shares [refer note 12(a)(ii)(c)]	-	10,810
<b>Other loans (unsecured)</b>		
Redeemable Optionally Convertible Debentures ("OCD") [refer note (d) below]	14,030	12,344
	<b>27,748</b>	<b>36,402</b>
Less: Amount disclosed under the head "Current borrowings" [refer note 16]	-	(12,864)
	<b>27,748</b>	<b>23,538</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. The 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, 2023 amounts to ₹ 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 ₹ 3,500 repayable in 2 equal annual instalments commencing from April 2024. Term loan carries an interest rate of 3 Months Treasury Bill + 2.3% p.a. and are secured by first pari-passu charge on the present and future of movable fixed assets of the Company.
- (c) During the year ended March 31, 2021, the Company had issued NCD of face value ₹ 1,000,000 each to HDFC Bank Limited amounting to ₹ 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.
- (d) 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 ₹ 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 ₹ 274 in statement of profit and loss and a gain of ₹ 60 in other equity."
- (e) Term loans from the Bank provides for certain financial covenants. 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 Company complies with the financial covenants as of March 31, 2023.
- (f) The Company's exposure to liquidity, interest rate and currency risks are disclosed in note 31.

## Notes to the standalone 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

	March 31, 2023	March 31, 2022
<b>(a) Non-Current</b>		
Provision for employee benefits Gratuity [refer note 30]	340	299
	<b>340</b>	<b>299</b>
<b>(b) Current</b>		
Provision for employee benefits Gratuity [refer note 30]	59	49
Compensated absences	284	236
Provision for sales return	136	136
	<b>479</b>	<b>421</b>

#### (i) Movement in provisions

	For the year ended March 31, 2023		
	Gratuity	Compensated absences	Sales return
Opening Balance	348	236	136
Provision recognised/(utilised) during the year	51	48	-
<b>Closing Balance</b>	<b>399</b>	<b>284</b>	<b>136</b>

	For the year ended March 31, 2022		
	Gratuity	Compensated absences	Sales return
Opening Balance	301	190	136
Provision recognised/(utilised) during the year	47	46	-
<b>Closing Balance</b>	<b>348</b>	<b>236</b>	<b>136</b>

### 15. Other liabilities

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
Deferred revenues [refer note 19]	1,330	1,094
	<b>1,330</b>	<b>1,094</b>
<b>(b) Current</b>		
Advance from customers [refer note 19]	29	20
Statutory dues and dues payable	188	124
Deferred revenues [refer note 19]	90	131
	<b>307</b>	<b>275</b>

### 16. Current borrowings

	March 31, 2023	March 31, 2022
<b>From banks/ financial institutions</b>		
Packing credit foreign currency loan (unsecured) [refer note (i) below]	1,972	2,657
Packing credit rupee export loan (unsecured) [refer note (ii) below]	8,870	3,250
Current maturities of non-current borrowings [refer note 13]	-	12,864
	<b>10,842</b>	<b>18,771</b>

- (i) 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.
- (ii) 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.

## Notes to the standalone 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)

### 17. Trade payables

	March 31, 2023	March 31, 2022
<b>Trade payables</b>		
Total outstanding dues of micro and small enterprises	1,013	375
Total outstanding dues of creditors other than micro and small enterprises	7,913	4,517
	<b>8,926</b>	<b>4,892</b>
Refer note 28 for details on related party transactions		
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year		
Principal amount due to micro and small enterprises	1,013	375
Interest due on the above	18	1
(ii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	1,484	1,757
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	23	11
(iv) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	1
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	53	12

The above disclosure are provided company based on the information available in the company repeat of the registration states of its vendors/suppliers

#### 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	-	1,013
(ii) Others	879	1,413	5,583	12	12	14	7,913
<b>As at March 31, 2023</b>	<b>879</b>	<b>1,635</b>	<b>6,369</b>	<b>16</b>	<b>13</b>	<b>14</b>	<b>8,926</b>
(i) Micro and small enterprises	-	220	152	1	1	1	375
(ii) Others	2,575	918	983	20	18	3	4,517
<b>As at March 31, 2022</b>	<b>2,575</b>	<b>1,138</b>	<b>1,135</b>	<b>21</b>	<b>19</b>	<b>4</b>	<b>4,892</b>

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

**Notes to the standalone 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**

	March 31, 2023	March 31, 2022
<b>(a) Non-Current</b>		
Contingent consideration payable (refer note below)	6,583	-
	<b>6,583</b>	<b>-</b>
<p>CCPS were fair valued using Binomial Option Pricing Model at ₹ 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 initial recognition is being split into equity of ₹ 74,815 (fixed to fixed conversion) and contingent consideration (derivative liability) of ₹ 7,366.</p> <p>At March 31, 2023, the fair value of contingent consideration has decreased to ₹ 6,583.</p>		
<b>(b) Current</b>		
Interest accrued but not due	161	131
Payables for capital goods	976	632
Derivative premium payable	10	-
	<b>1,147</b>	<b>763</b>

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## Notes to the standalone 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)

### 19. Revenue from operations

	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
Finished goods	13,635	14,953
Traded goods	1,870	2,415
Sale of services		
Research fees	2,526	3,942
Licensing and development fees	11	22
Other operating revenue		
Performance linked incentives	503	-
Sale of process waste	14	12
Others [refer note (a) below]	2,365	2,281
	<b>20,924</b>	<b>23,625</b>
(a) Others include processing charges and cross charge of facilities by the Company to its group companies.		
<b>19.1 Disaggregated revenue information</b>		
Set out below is the disaggregation of the Company's revenue from contracts with customers:		
<b>Revenues By Geography</b>		
<b>Revenues from contracts with customers</b>		
India	5,582	6,689
United Kingdom	7,363	9,126
Rest of the world	5,097	5,517
	<b>18,042</b>	<b>21,332</b>
<b>Revenue from other sources</b>		
Other operating revenue	2,882	2,293
	<b>2,882</b>	<b>2,293</b>
<b>Total revenue from operations</b>	<b>20,924</b>	<b>23,625</b>
Geographical revenue is identified based on the location of the customers.		
<b>19.2 Changes in contract liabilities: deferred revenue and advance from customers</b>		
Balance at the beginning of the year	1,245	1,054
Add: Increase due to invoicing during the year	389	397
Less: Amounts recognised as revenue during the year	(185)	(206)
<b>Balance at the end of the year</b>	<b>1,449</b>	<b>1,245</b>
Expected revenue recognition from remaining performance obligations:		
- Within one year	119	151
- More than one year	1,330	1,094
	<b>1,449</b>	<b>1,245</b>
<b>19.3 Contract balances</b>		
Trade receivables	5,827	8,477
Contract liabilities	1,449	1,245

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

### 19.4 Performance obligation:

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

## Notes to the standalone 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)

### 19.5 Significant customer

One customer individually accounted for ₹ 7,618 which is more than 10% of the total revenue of the Company for the year ended March 31, 2023 (March 31, 2022: ₹ 12,010).

### 19.6 Reconciliation of revenue from contracts with customers

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Revenue from contracts with customers as per contract price</b>		
Adjustments made to contract price on account of :-	18,917	21,574
a) Sales returns/ reversals	(875)	(242)
<b>Revenue from Contracts with customers as per statement of profit and loss</b>	<b>18,042</b>	<b>21,332</b>

### 20. Other income

	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on deposits with banks and financial institutions	29	53
Net gain on financial liabilities measured at fair value through profit or loss	783	-
Net gain on sale of current investments	67	25
Other non-operating income	90	25
	<b>969</b>	<b>103</b>

### 21. Cost of raw materials and packing materials consumed

Inventory at the beginning of the year	3,717	3,638
Add: Purchases	12,685	7,249
Less: Inventory at the end of the year	(6,162)	(3,717)
	<b>10,240</b>	<b>7,170</b>

### 22. Changes in inventories of traded goods, finished goods and work-in-progress

Inventory at the beginning of the year		
Traded goods	255	221
Finished goods	1,481	1,765
Work-in-progress	4,387	3,450
	<b>6,123</b>	<b>5,436</b>
Inventory at the end of the year		
Traded goods	400	255
Finished goods	2,439	1,481
Work-in-progress	6,508	4,387
	<b>9,347</b>	<b>6,123</b>
	<b>(3,224)</b>	<b>(687)</b>

### 23. Employee benefits expense

Salaries, wages and bonus*	5,086	4,397
Contribution to provident and other funds	241	191
Gratuity [refer note 30]	68	61
Employee stock compensation expense [refer note 36]	679	531
Staff welfare expenses	237	219
	<b>6,311</b>	<b>5,399</b>

\* includes expenses towards compensated absences (refer note 30)

## Notes to the standalone 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)

### 24. Finance cost

	Year ended March 31, 2023	Year ended March 31, 2022
Interest expenses on financial liabilities [refer note (a) below]	1,045	385
Interest expenses on lease liabilities [refer note 27]	198	206
	<b>1,243</b>	<b>591</b>

(a) Interest expense on financial liabilities is net off borrowing cost capitalised during the year amounting to ₹ 1,150 (March 31, 2022 - ₹ 990).

### 25. Depreciation and amortisation expense

Depreciation of Property, plant and equipment [refer note 3(a)]	1,747	1,131
Depreciation of right-of-use assets [refer note 3(b)]	383	364
Amortisation of intangible assets [refer note 4]	151	57
	<b>2,281</b>	<b>1,552</b>

### 26. Other expenses

Royalty and technical fees	22	93
Rent	20	5
Communication expenses	13	17
Power and fuel	1,434	1,052
Repairs and maintenance:		
Plant and machinery	981	597
Building	160	106
Others	223	191
Selling expenses:		
Freight outwards and clearing charges	151	189
Sales promotion expenses	489	515
Commission and brokerage (other than sole selling agents)	123	123
Lab consumables	1,369	984
Professional charges	757	610
Payment to auditors [refer note (a) below]	26	13
Rates, taxes and fees	104	92
Travelling and conveyance	307	159
Research and development expenses	1,379	1,532
Foreign exchange loss, net	1,704	143
Printing and stationery	39	33
Directors' fees including commission	41	31
Corporate social responsibility (CSR) expenses [refer note 39]	44	43
Insurance	147	122
Miscellaneous expenses	128	83
	<b>9,661</b>	<b>6,733</b>

#### (a) Payment to auditors:

As auditor:		
Statutory audit fee	23	11
Tax audit fee [refer note (c) below]	-	-
In other capacity:		
Other services (certification fees) [refer note (c) below]	1	1
Reimbursement of out-of-pocket expenses	2	1
	<b>26</b>	<b>13</b>

#### (b) Details of research and development expenditure incurred (charged to statement of profit and loss)

Research and development expenses	1,379	1,532
Lab consumables	1,369	984
Employee benefits expense	1,074	809
	<b>3,822</b>	<b>3,325</b>

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

## Notes to the standalone 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)

### 27. Lease

The Company had entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the financial year of 2032-2033. Gross payment for the year aggregate to ₹ 539 (March 31, 2022 - ₹ 506).

The following is the movement in the lease liability.

	Total
<b>Balance as at April 01, 2021</b>	1,965
Additions during the year	388
Finance cost accrued during the year*	211
Payment of lease liabilities	(506)
<b>Balance as at March 31, 2022</b>	<b>2,058</b>
Additions during the year	70
Finance cost accrued during the year*	201
Payment of lease liabilities	(540)
<b>Balance as at March 31, 2023</b>	<b>1,789</b>

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

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

Particulars	March 31, 2023	March 31, 2022
Current lease liabilities	473	486
Non-current lease liabilities	1,316	1,572
	<b>1,789</b>	<b>2,058</b>
The table below provides details regarding the contractual maturities of lease liabilities, on an undiscounted basis:		
Less than one year	519	533
One to five years	1,424	1,581
More than five years	421	691
<b>Total</b>	<b>2,364</b>	<b>2,805</b>
The following are the amounts recognised in Statement of profit or loss for the year		
Depreciation expense of right of use-assets	383	364
Interest expenses on lease liabilities	198	206
Current lease payment [refer note (i) below]	20	5
<b>Total</b>	<b>601</b>	<b>575</b>

- (i) The Company 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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## Notes to the standalone 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)

### 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 related party	Relationship	Description of transactions	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 Company	138	-	130	-
			Expenses incurred on behalf of the related party	(28)	-	(2)	-
			Professional charges	383	-	349	-
			Charges for Guarantee Cost	-	-	27	-
			Research fees	(33)	-	(48)	-
			Cross charges towards facility and other expenses	(6)	-	(29)	-
			Sale of goods	(6)	-	(4)	-
			Payment for leases	246	-	230	-
			Power and fuel	1,673	-	1,499	-
			Staff welfare expenses towards canteen charges	41	-	27	-
			Royalty expense	13	-	46	-
			Share based payments to employees	232	-	120	-
			Purchase of goods	95	-	54	-
			Issue of equity shares	(40,710)	-	-	-
			Conversion of preference shares	(10,810)	-	-	-
			Dividend paid	213	-	-	-
			Funding paid towards property plant and equipment / Prepayment	-	719	53	719
			Sale of car	(3)	-	(3)	-
			Trade payables	-	(662)	-	(327)
			Guarantee released / (given) by related party to a bank on behalf of the Company	-	-	7,100	-
			Reimbursement of performance linked incentive	495	-	-	-

**Notes to the standalone 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)

SI No	Name of related party	Relationship	Description of transactions	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
2	Biocon Biologics UK Limited	Subsidiary	Research fees Cross charges towards facility and other expenses Sale of goods Expenses incurred by related party on behalf of the Company Idle cost recovery Investment in preference shares Trade receivables	336 (2,274) (5,680) 412 (236) 65,408 -	- - - - - - 524	(3,038) (2,860) (6,112) - - - -	- - - - - - 5,895
3	Biosimilars NewCo Limited	Subsidiary	Investment in equity shares Sale of goods Research fees Charges for guarantee income Expenses incurred on behalf of the related party Guarantee released / (given) Trade receivables Other current financial assets - Others	82,598 (71) (1,986) (55) (451) (111,765) - -	- - - - - (111,765) 2,380 490	- - - - - - - -	- - - - - - - -
4	Biosimilar Collaborations Ireland Limited	Subsidiary	Expenses incurred on behalf of the related party Trade receivables Guarantee released / (given)	(226) - (14,382)	- 226 (14,382)	- - -	- - -
5	Biocon SDN BHD	Subsidiary	Expenses incurred on behalf of the related party Research fees Cross charges towards facility and other expenses Sale of goods Expenses incurred by related party on behalf of the Company Purchase of goods Charges for guarantee income Trade receivables Trade payables Guarantee released / (given)	(40) (834) (346) (660) 15 1,017 - - - -	- - - - - - - - - (108) (822)	- - (845) (292) (353) - - - - 763 (14) - - -	- - - - - - - - - 71 - (759)

## Notes to the standalone 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)

SI No	Name of related party	Relationship	Description of transactions	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	Syngene International Limited	Fellow subsidiary	Research and development expenses incurred by related party on behalf of the Company Sale of goods [Refer note (g) below] Purchase of goods [Refer note (g) below] Expenses incurred on behalf of the related party Power and utility expense Payment for leases Royalty expense Profit share expense Trade payables	29 6 - - (11) 92 284 - - -	- - - - - - - - - (181)	31 24 (7) 304 - 87 253 (1) 5 -	- - - - - - - - (109) - -
7	Bicara Therapeutics Inc.	Fellow associate	Research fees Cross charges towards facility and other expenses Trade Receivables	(1) (11) -	- - 24	- (2) -	- - 12
8	Biocon Pharma Limited	Fellow subsidiary	Research fees Cross charges towards facility and other expenses Sale of goods/other product Purchase of goods Issue of equity shares Trade receivables	(5) (186) 2 7 (12,166) -	- - - - - 117	(8) (122) (123) - - -	- - - - - 43
9	Biocon Biologics Inc, USA	Subsidiary	Expenses incurred on behalf of the related party [Refer note (g) below] Sale of goods Trade receivables [Refer note (g) below]	- - -	- - 0	(0) (9) -	- - 9
10	Biocon FZ LLC	Fellow subsidiary	Professional charges	-	-	14	-

## Notes to the standalone 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)

Sl No	Name of related party	Relationship	Description of transactions	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
11	Biocon Foundation	Fellow subsidiary	Contribution towards CSR expense Advance to suppliers	44 -	- 6	43 -	- -
12	Biofusion Therapeutics Limited	Fellow subsidiary	Expenses incurred on behalf of the related party Transfer of fixed assets Trade Receivables	- - 70	- - 70	(8) (62) -	- - 70
13	Biocon Academy	Fellow subsidiary	Expenses incurred on behalf of the related party Trade Receivables	(8) -	- 9	- -	- -
14	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges Sale of assets	39 (1)	- -	31 -	- -
15	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods/other products Trade Receivables	(53) -	- 16	(78) -	- 21
16	Viatrix Group (w.e.f November 29, 2022)	Enterprise whose director has significant influence in the Company	Contingent consideration payable	-	(6,583)	-	-
17	Refer note (c) below	Key management personnel	Salary and perquisites [refer note (d) and (e) below] Sitting fees and remuneration	144 41	29 1	154 31	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.



## Notes to the standalone 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) Key managerial personnel include:

(i)	Kiran Mazumdar Shaw	Executive Chairperson
(ii)	Arun Chandavarkar	Managing Director (upto commencement of business hours on December 5, 2022) and Non-Independent Non-Executive Director (w.e.f. commencement of business hours on December 5, 2022)
(iii)	Shreehas P. Tambe	Managing Director & Chief Executive Officer (w.e.f commencement of business hours on December 5, 2022)
(iv)	M.B. Chinappa	Chief Financial Officer
(v)	Akhilesh Nand	Company Secretary (upto closure of business hours on February 13, 2023)
(vi)	Deepika Srivastava	Company Secretary (w.e.f. commencement of business hours on February 14, 2023)
(vii)	Peter Piot	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
(xiii)	Rajiv Malik	Non-Independent Non-Executive Director (w.e.f November 29, 2022)

(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 ₹ 114 (March 31, 2022: ₹ 57), which is not included in the remuneration disclosed above.

(f) Fellow subsidiary companies with whom the Group did not have any transactions:

Name	Relation	Name	Relation
(i) Biocon Biologics FZ LLC	Step-down subsidiary	(ix) Biocon Pharma UK Limited,	Wholly-owned subsidiary of Biocon Pharma Limited
(ii) Syngene USA Inc	Wholly-owned subsidiary of Syngene International Limited	(x) Biocon Pharma Ireland Limited	Wholly-owned subsidiary of Biocon Pharma Limited
(iii) Biocon Biosphere Limited	Wholly-owned subsidiary of Biocon Limited	(xi) Biocon Pharma Inc	Wholly-owned subsidiary of Biocon Pharma Limited
(iv) Biocon SA	Wholly-owned subsidiary of Biocon Limited	(xii) Biocon Pharma Malta I Limited	Wholly-owned subsidiary of Biocon Pharma Limited
(v) Biocon Pharma Malta Limited	Wholly-owned subsidiary of Biocon Pharma Limited	(xiii) Biocon FZ LLC	Wholly-owned subsidiary of Biocon Limited
(vi) Syngene Manufacturing Solutions Limited	Wholly-owned subsidiary of Syngene International Limited	(xiv) Syngene Scientific Solutions Limited	Wholly-owned subsidiary of Syngene International Limited
(vii) Biocon Biologics Canada Inc	Step-down subsidiary	(xv) Biocon Biologics Germany GmbH	Step-down subsidiary
(viii) Biocon Biologics Do Brasil Ltda	Step-down subsidiary	(xvi) Biocon Biologics Healthcare Malaysia Sdn Bhd	Step-down subsidiary

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

## Notes to the standalone 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)

### 29. Tax expense

	March 31, 2023	March 31, 2022
<b>(a) Amount recognised in Statement of profit and loss</b>		
Current tax	(81)	267
Deferred tax charge/(credit) related to:		
MAT credit entitlement	32	(97)
Other deferred tax	(749)	(107)
<b>Tax (credit)/expense for the year</b>	<b>(798)</b>	<b>63</b>
<b>(b) Reconciliation of effective tax rate</b>		
(Loss)/profit before tax	(5,251)	923
Tax at statutory income tax rate 34.944% (March 31, 2022 - 34.944% )	(1,835)	323
<i>Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Exempt income and other deductions	1,233	(315)
Non-deductible expense	(260)	18
Tax for earlier years	20	27
Others	44	10
<b>Income tax (credit)/expense</b>	<b>(798)</b>	<b>63</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	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax liabilities</b>					
Property, plant and equipments	283	1,123	-	-	1,406
Derivative assets	78	-	16	-	94
<b>Gross deferred tax liabilities</b>	<b>361</b>	<b>1,123</b>	<b>16</b>	<b>-</b>	<b>1,500</b>
<b>Deferred tax assets</b>					
Employee benefit obligations	132	38	12	-	182
Allowance for doubtful debts	9	-	-	-	9
MAT credit entitlement	913	(32)	-	-	881
Derivative liabilities	51	-	-	-	51
Deferred revenue	30	46	-	-	76
Lease liabilities	90	13	-	-	103
Expenses allowed on payment basis	189	(81)	-	-	107
Carried forward losses	-	1,722	-	-	1,722
Others	43	134	-	-	176
<b>Gross deferred tax assets</b>	<b>1,456</b>	<b>1,840</b>	<b>12</b>	<b>-</b>	<b>3,307</b>
<b>Deferred tax assets (net)</b>	<b>1,095</b>	<b>717</b>	<b>(4)</b>	<b>-</b>	<b>1,807</b>

## Notes to the standalone 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)

For the year ended March 31, 2022	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax liabilities</b>					
Property, plant and equipments	120	163	-	-	283
Derivative assets	38	-	40	-	78
<b>Gross deferred tax liabilities</b>	<b>158</b>	<b>163</b>	<b>40</b>	<b>-</b>	<b>361</b>
<b>Deferred tax assets</b>					
Employee benefit obligations	71	55	6	-	132
Allowance for doubtful debts	8	1	-	-	9
MAT credit entitlement	816	97	-	-	913
Derivative liabilities	165	-	(114)	-	51
Deferred revenue	46	(16)	-	-	30
Lease liabilities	52	38	-	-	90
Expenses allowed on payment basis	-	189	-	-	189
Others	40	3	-	-	43
<b>Gross deferred tax assets</b>	<b>1,198</b>	<b>367</b>	<b>(108)</b>	<b>-</b>	<b>1,456</b>
<b>Deferred tax assets (net)</b>	<b>1,040</b>	<b>204</b>	<b>(148)</b>	<b>-</b>	<b>1,095</b>

### 30. Employee benefit plans

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

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Net defined benefit obligation	
	March 31, 2023	March 31, 2022
<b>Balance as at beginning of the year</b>	<b>348</b>	<b>301</b>
Current service cost	47	44
Interest expense	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	(50)	(33)
<b>Balance as at end of the year</b>	<b>399</b>	<b>348</b>
Non-current	340	299
Current	59	49
	<b>399</b>	<b>348</b>

## Notes to the standalone 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)

(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 Company 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 and above	383	324

- (ii) The Company 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, 2023, the Group has incurred an expense on compensated absences amounting to ₹ 117 (March 31, 2022: ₹ 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.

## Notes to the standalone 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)

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

#### A. Accounting classification and fair values

March 31, 2023	Carrying amount				Fair value			Total
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Investments#	463	-	166,057	166,520	463	-	-	463
Trade receivables	-	-	5,827	5,827	-	-	-	-
Cash and cash equivalents	-	-	1,202	1,202	-	-	-	-
Other bank balance	-	-	500	500	-	-	-	-
Derivative Assets	-	211	-	211	-	211	-	211
Other financial assets	-	-	857	857	-	-	-	-
	<b>463</b>	<b>211</b>	<b>174,443</b>	<b>175,117</b>	<b>463</b>	<b>211</b>	<b>-</b>	<b>674</b>
<b>Financial liabilities</b>								
Borrowings	2,054	-	36,536	38,590	-	-	2,054*	2,054
Lease liabilities	-	-	1,789	1,789	-	-	-	-
Trade payables	-	-	8,926	8,926	-	-	-	-
Derivative liability	-	152	-	152	-	152	-	152
Other financial liabilities	6,583	-	1,147	7,730	-	-	6,583**	6,583
	<b>8,637</b>	<b>152</b>	<b>48,398</b>	<b>57,187</b>	<b>-</b>	<b>152</b>	<b>8,637</b>	<b>8,789</b>

March 31, 2022	Carrying amount				Fair value			Total
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Investments#	105	-	18,051	18,156	105	-	-	105
Trade receivables	-	-	8,477	8,477	-	-	-	-
Cash and cash equivalents	-	-	628	628	-	-	-	-
Other bank balance	-	-	1,000	1,000	-	-	-	-
Derivative Assets	-	224	-	224	-	224	-	224
Other financial assets	-	-	400	400	-	-	-	-
	<b>105</b>	<b>224</b>	<b>28,556</b>	<b>28,885</b>	<b>105</b>	<b>224</b>	<b>-</b>	<b>329</b>
<b>Financial liabilities</b>								
Borrowings	12,864	-	29,445	42,309	-	-	12,864*	12,864
Lease liabilities	-	-	2,058	2,058	-	-	-	-
Trade payables	-	-	4,892	4,892	-	-	-	-
Derivative liability	-	136	-	136	-	136	-	136
Other financial liabilities	-	-	763	763	-	-	-	-
	<b>12,864</b>	<b>136</b>	<b>37,158</b>	<b>50,158</b>	<b>-</b>	<b>136</b>	<b>12,864</b>	<b>13,000</b>

# Investments other than those categorised as FVTPL are carried at cost in accordance with Ind AS 27.

\* 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 note 18(a)

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

#### B. Measurement of fair values

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

##### Sensitivity analysis

For the fair values of forward contracts 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.

## Notes to the standalone 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)

Significant observable inputs	March 31, 2023 Impact on other components of equity		March 31, 2022 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)

### 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 measurement
a) Contingent consideration payable (refer note 18(a))	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 b) Volatility rate	A 1% increase in discount rate would have led to approximately ₹ 265 gain in Statement of Profit and loss. A 1% decrease would have led to approximately ₹ 268 loss in Statement of Profit and loss. A 5% increase in volatility rate would have led to approximately ₹ 78 gain in Statement of Profit and loss. A 5% decrease would have led to approximately ₹ 365 loss in Statement of Profit and loss.
b) 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 measurement
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

	Contingent consideration receivable	NCRPS	OCRPS
<b>At April 01, 2021</b>	-	2,054	10,810
Gain/loss included in Statement of Profit and loss			
- Net change in fair value (unrealised)	-	-	-
Foreign currency translation adjustment	-	-	-
<b>At March 31, 2022</b>	-	2,054	10,810
- Contingent consideration embedded in Convertible Preference Shares at inception	7,366	-	-
- Net change in fair value gain (unrealised)	(783)	-	-
Derecognised on account of conversion to equity shares	-	-	(10,810)
<b>At March 31, 2023</b>	<b>6,583</b>	<b>2,054</b>	-

## Notes to the standalone 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)

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

#### (ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and 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 Company uses ageing analysis to monitor the credit quality of its receivables.

The Company 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 ₹ 27 (March 31, 2022: ₹ 27).

Allowance for impairment	March 31, 2023	March 31, 2022
Opening Balance	27	27
Impairment loss recognised / (reversed)	-	-
<b>Closing Balance</b>	<b>27</b>	<b>27</b>

Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

Refer to Note 10 for details of ageing of trade receivables.

Trade receivables including unbilled revenue from an individual customer is ₹ 2,380 (March 31, 2022 : ₹ 5,895) which is individually more than 10 percent of the Company's trade receivables including unbilled revenue.

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

## Notes to the standalone 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 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	10,842	5,291	22,457	-	38,590
Lease liabilities	519	519	905	421	2,364
Trade payables	8,926	-	-	-	8,926
Derivative liabilities	131	21	-	-	152
Other financial liabilities	1,147	6,583	-	-	7,730
<b>Total</b>	<b>21,565</b>	<b>12,414</b>	<b>23,362</b>	<b>421</b>	<b>57,762</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	18,771	-	23,538	-	42,309
Lease liabilities	533	505	1,076	691	2,805
Trade payables	4,892	-	-	-	4,892
Derivative liabilities	106	6	24	-	136
Other financial liabilities	763	-	-	-	763
<b>Total</b>	<b>25,065</b>	<b>511</b>	<b>24,638</b>	<b>691</b>	<b>50,905</b>

#### (iv) Market risk

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

#### Foreign currency risk

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

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

March 31, 2023	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade Receivables	3,798	67	-	3,865
Cash and cash equivalents	510	3	-	513
Derivative Assets	211	-	-	211
Other financial assets	490	-	-	490
<b>Financial liabilities</b>				
Non-current borrowings	(20,194)	-	-	(20,194)
Current borrowings	(1,972)	-	-	(1,972)
Derivative liabilities	(152)	-	-	(152)
Trade Payables	(2,501)	(957)	(129)	(3,587)
Other financial liabilities	(6,925)	(64)	(51)	(7,040)
<b>Net assets / (liabilities)</b>	<b>(26,736)</b>	<b>(951)</b>	<b>(180)</b>	<b>(27,867)</b>



## Notes to the standalone 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, 2022	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade Receivables	7,442	45	1	7,488
Cash and cash equivalents	158	12	-	170
Derivative Assets	224	-	-	224
Other financial assets	229	-	-	229
<b>Financial liabilities</b>				
Non-current borrowings	(18,038)	-	-	(18,038)
Current borrowings	(2,657)	-	-	(2,657)
Derivative liabilities	(136)	-	-	(136)
Trade Payables	(599)	(119)	(5)	(723)
Other financial liabilities	(138)	(54)	(30)	(222)
<b>Net assets / (liabilities)</b>	<b>(13,515)</b>	<b>(116)</b>	<b>(34)</b>	<b>(13,665)</b>

### Sensitivity analysis

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

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(267)	(135)	(349)	(245)
INR/USD - Decrease by 1%	267	135	349	245
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	(10)	(1)	(10)	(1)
INR/EUR - Decrease by 1%	10	1	10	1

### Derivative financial instruments

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

Particulars	March 31, 2023 (in USD Million)	March 31, 2022 (in USD Million)
Foreign exchange forward contracts to buy between 0-2 Years	116	151
European style option contracts with periodical maturity dates between 0-2 Years	25	70
European style range forward contracts with periodical maturity dates between 0-2 Years	108	63
Interest rate swaps used for hedging LIBOR component in external commercial borrowings	75	75

### Cash flow and fair value interest rate risk

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

## Notes to the standalone 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)

### (a) Interest rate risk exposure

The exposure of the Company'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	7,632	6,157
Fixed rate borrowings	30,958	36,152
<b>Total borrowings</b>	<b>38,590</b>	<b>42,309</b>

### (b) Sensitivity

The Company policy is to maintain a optimum balance between fixed and variable rate borrowings using interest rate swaps to achieve this when necessary. The Company 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 ₹ 76 (March 31, 2022 : ₹ 62)

## 32. Capital Management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company 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 Company.

To maintain a stable capital structure, during the year the Company had issued equity shares (refer note 12) for a consideration (net of issue expense) of ₹ 65,265.

The Company had issued NCRPS and OCRPS to the Holding Company which are classified as financial liabilities in these financial statements. However, the Company has considered NCRPS and OCRPS as part of capital for below disclosure. OCRPS was converted to equity shares during the current year.

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

The 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	167,856	21,206
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>169,910</b>	<b>34,070</b>
<b>As a percentage of total capital</b>	<b>82%</b>	<b>54%</b>
Non-current borrowings*	25,694	23,538
Current borrowings	10,842	5,907
<b>Total borrowings</b>	<b>36,536</b>	<b>29,445</b>
<b>As a percentage of total capital</b>	<b>18%</b>	<b>46%</b>
<b>Total capital (Equity capital, preference capital and borrowings)</b>	<b>206,446</b>	<b>63,515</b>

\* includes OCD amounting to ₹ 14,030 (March 31, 2022 : 12,344) [refer note 13]

# During the year, Holding Company exercised option to convert OCRPS into equity share.

## Notes to the standalone 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. Contingent liabilities and commitments

(to the extent not provided for)

	March 31, 2023	March 31, 2022
<b>(i) Contingent liabilities</b>		
(a) Claims against the Company not acknowledged as debt	1,111	1,107
The above includes		
(i) Direct taxation	986	986
(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)	125	121
The Company 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 Company 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 Company 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 Company's financial position and results of operations.		
<b>(ii) Commitments:</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,722	1,100
<b>(iii) Corporate guarantee given to subsidiaries towards borrowings from the bank and other financial commitments</b>	126,968	759

### 34. Earnings per equity share (EPS)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Earnings</b>		
For Basic and dilutive EPS *	(4,453)	860
Shares		
Basic outstanding shares	1,058,849,676	1,058,849,676
Add: Weighted average shares issued during the year	108,147,478	-
<b>Weighted average shares used for computing basic EPS</b>	<b>1,166,997,154</b>	<b>1,058,849,676</b>
Add: Effect of dilutive rights granted under OCRPS (till date of conversion)	12,342,820	38,564,446
Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	3,999,218	2,333,060
Add: Effect of dilutive rights granted under CCPS	97,842,785	-
Add: Effect of dilutive rights granted under OCD *	-	-
<b>Weighted average shares used for computing diluted EPS</b>	<b>1,281,181,977</b>	<b>1,099,747,182</b>
<b>Earnings per equity share</b>		
Basic (in ₹)	(3.82)	0.81
Diluted (in ₹)	(3.48)	0.78

\*As at March 31, 2023 and March 31, 2022, 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.

## Notes to the standalone 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)

### 35. Segmental reporting

The Chief Operating Decision Maker reviews the operations of the Company 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

For details of significant customer refer note 19.5

### 36. 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 (ESOP 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 ₹ 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 ₹ 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>				
<b>Outstanding at the beginning of the year</b>	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	5,142,857	10
Weighted average remaining contractual life (in years)	4.3		5.3	-
Weighted average fair value of options granted	214.3		208.1	-

## Notes to the standalone 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)

Particulars	March 31, 2023		March 31, 2022	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
<b>RSU Plan 2023</b>				
<b>Outstanding at the beginning of the year</b>	-	-	-	-
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 grants during the year are as follows:

Particulars	March 31, 2023		March 31, 2022	
	RSU Plan 2022	RSU Plan 2023	RSU Plan 2022	RSU Plan 2023
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 ₹ 447 (March 31, 2022: 412) as cost of the above RSU Plan in the statement of profit and loss.

- b) The employees of the Company are also 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 ('RSU Plan 2019') (collectively "stock option plans") of Biocon Limited.

Total number of options outstanding	March 31, 2023	March 31, 2022
ESOP Plan 2000	2,095,004	3,552,567
RSU Plan 2015	-	64,303
RSU Plan 2019 #	3,814,976	4,244,686

# adjusted for the impact of bonus issue

The Company has recorded an amount of ₹ 232 (March 31, 2022: ₹ 120) as cost of the above stock option plans based on amounts cross charged by its Holding company.

## Notes to the standalone 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)

### 37. (a) Acquisitions

On February 27, 2022, the Company 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 ₹ 247,255, including cash of ₹ 156,645 and Compulsorily Convertible Preference Shares ('CCPS') in BBL of ₹ 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 Company acquired control over the Viatris' biosimilar business through subsidiaries Biosimilars Newco Limited and Biosimilar Collaborations Ireland Limited. The Company has accounted for the transaction under Ind AS 103, "Business Combinations". The acquired business have been consolidated through its step down subsidiaries effective November 29, 2022, the consummation date in the consolidated financial statements of the Company.

### (b) 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.

### 38. Exceptional item

- a) Pursuant to the acquisition mentioned in note 37(a), the Company reassessed the inventory value of certain molecules and wrote-off inventory amounting to ₹ 38. The write-off has been recognized as an exceptional item for the financials year ended March 31, 2023. Consequential tax impact of ₹ 6 is included within tax expense for the period.
- b) The Company had obtained services of professional experts (like advisory, legal counsel, valuation experts etc.) for acquisitions mentioned in note 37(a) and 37(b). These services were availed during the financial year ended March 31, 2022 and hence these amounts aggregating to ₹ 410 have been recorded as an expense in the statement of profit and loss under the head 'Exceptional items'. Consequential tax impact of ₹ 169 is included within tax expense.
- c) 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 ₹ 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 ₹ 49 is included within tax expense. Refer to note 13(d) for further details.

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## Notes to the standalone 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)

### 39. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	In cash	Yet to be paid in cash	Total
<b>March 31, 2023</b>			
Construction/acquisition of any asset *	40	-	40
On purposes other than (i) above	10	-	10
<b>Total</b>	<b>50</b>	<b>-</b>	<b>50</b>
<b>March 31, 2022</b>			
Construction/acquisition of any asset *	28	-	28
On purposes other than (i) above	15	-	15
<b>Total</b>	<b>43</b>	<b>-</b>	<b>43</b>

\* not owned by the Company

Particulars	March 31, 2023	March 31, 2022
Amount required to be spent by the company during the year	44	43
Amount of expenditure incurred	50	43
Excess amount spent during the year	6	-
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-

Nature of CSR activities conducted by company during year ending March 31, 2023 and March 31, 2022 are as follows:

1. Promoting healthcare
2. Environmental sustainability
3. Mass transit system
4. Promoting education

Refer note 28 for details of related party transactions

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

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## Notes to the standalone 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)

### 41. Financial ratios:

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance
a. Current ratio <sup>1</sup>	Current assets	Current liabilities excluding NCRPS and OCRPS	1.17	1.72	-32%
b. Debt-Equity ratio <sup>2</sup>	Total borrowings * excluding NCRPS and OCRPS	Total equity including NCRPS and OCRPS	0.23	0.86	-73%
c. Debt service coverage ratio <sup>3</sup>	Earnings for debt service = Net profit before tax + Depreciation and amortisation + Finance costs + Non cash exceptional items	Debt service = Current lease liabilities + Current borrowings	-0.14	0.49	-128%
d. Return on equity ratio <sup>3</sup>	Profit for the year	Average total equity including NCRPS and OCRPS	-4.41%	2.55%	-273%
e. Inventory turnover ratio <sup>4</sup>	Cost of goods sold = Cost of raw materials and packing materials consumed + Purchases of traded goods + Changes in inventories	Average inventory	0.62	0.84	-26%
f. Trade receivables turnover ratio	Net credit sales = Revenue from operations	Average Trade Receivable	2.93	3.60	-19%
g. Trade payables turnover ratio	Net credit purchases = Purchases of traded goods + Purchases of raw materials and packing materials + other expenses	Average trade payables	3.35	3.02	11%
h. Net capital turnover ratio <sup>5</sup>	Revenue from operations	Average Working capital (Working capital = Current assets – Current liabilities excluding NCRPS and OCRPS)	3.19	2.22	44%
i. Net profit ratio <sup>3</sup>	Profit for the year	Revenue from operations	-21.28%	3.64%	-685%
j. Return on capital employed <sup>3</sup>	Earnings before interest and taxes = Profit before tax + Finance costs	Capital Employed = Tangible Net Worth (Total equity - Intangibles assets) + Total Borrowings	-1.94%	2.39%	-181%
k. Return on investment <sup>6</sup>	Realised and Unrealised gain	Average investment during the year	5.99%	4.25%	41%

\* includes OCD amounting to ₹ 14,030 (March 31, 2022 : 12,344) [refer note 13]

<sup>1</sup> Current ratios has decreased due to increase in trade payables and workings capital borrowings partly offset by increase in inventory.

<sup>2</sup> During the year, the Company has issued fresh equity shares [(refer note 12(a)(x))]. This has improved Debt equity ratios over last year.

<sup>3</sup> Debt service coverage ratio, Return on equity, Net profit ratio and Return on capital employed has decreased due to losses incurred during the year primarily on account of higher spends on research and development, finance cost and depreciation and amortisation during the year.

<sup>4</sup> Inventory build-up for launch of products in new markets has resulted in higher Inventory turnover ratio over last year.

<sup>5</sup> Net capital turnover ratio has increased due to changes in working capital employed during the year as discussed in above explanations.

<sup>6</sup> Return on investments has increased due to higher yields on treasury investments.



## Notes to the standalone 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)

**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 Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“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 Company is not declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (v) The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.

As per our Report of even date attached

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

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

Bengaluru  
May 23, 2023

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

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

**M. B. Chinappa**  
Chief Financial Officer  
Bengaluru  
May 22, 2023

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

**Deepika Srivastava**  
Company Secretary  
Membership No. : A23654

# Consolidated Financial Statements

# 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.

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 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.

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 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.

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 Number: 101248W/W-100022

**Sampad Guha Thakurta**  
Partner  
Membership Number: 060573  
ICAI UDIN:23060573BGYNBP8590

Place: Bengaluru  
Date: 23 May 2023

# Annexure A to the Independent Auditors' 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/ Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Biocon Biologics Limited	U24119KA2016FLC093936	Holding Company	Clause 3(xvii)

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

Chartered Accountants

Firm's Registration Number: 101248WW-100022

**Sampad Guha Thakurta**

Partner

Membership Number: 060573

ICAI UDIN:23060573BGYNP8590

Place: Bengaluru

Date: 23 May 2023

# Annexure B to the Independent Auditors' 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.

## 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 Number: 101248WW-100022

**Sampad Guha Thakurta**

Partner

Membership Number: 060573

ICAI UDIN:23060573BGYNP8590

Place: Bengaluru

Date: 23 May 2023

# 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 balances 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

**Sampad Guha Thakurta**

Partner

Membership No.: 060573

Bengaluru

May 23, 2023

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

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

**M. B. Chinappa**

Chief Financial Officer

Bengaluru

May 22, 2023

**Shreehas P Tambe**

Managing Director

DIN: 09796480

**Deepika Srivastava**

Company Secretary

Membership No. : A23654

# 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 ₹)		1.14	3.61
Diluted (in ₹)		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

**Sampad Guha Thakurta**

Partner

Membership No.: 060573

Bengaluru

May 23, 2023

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

**Kiran Mazumdar-Shaw**

Executive Chairperson

DIN: 00347229

**M. B. Chinappa**

Chief Financial Officer

Bengaluru

May 22, 2023

**Shreehas P Tambe**

Managing Director

DIN: 09796480

**Deepika Srivastava**

Company Secretary

Membership No. : A23654

# Consolidated Statement of Changes In Equity

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>(A) Ordinary equity share capital</b>	10,588	10,588
Opening balance	10,588	10,588
Shares issued during the year	2,629	-
<b>Closing balance</b>	<b>13,217</b>	<b>10,588</b>

## B. Other equity

Particulars	Equity portion of preference shares [refer note 13]	Equity portion of Optionality convertible debentures [refer note 13]	Compulsorily Convertible Preference Shares classified as a Equity instrument	Securities Premium	Retained earnings	SEZ reinvestment reserve	Amalgamation adjustment reserve	Reserves and surplus			Other comprehensive income			Total other equity
								Debt redemption reserve	Capital redemption reserve	Treasury Shares	Employee stock option outstanding reserve	Cash flow hedging reserves	Foreign currency translation reserve	
<b>Balance at April 1, 2021</b>	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
<b>Total comprehensive income for the year</b>	-	-	-	-	3,825	-	-	-	-	-	403	569	(13)	4,784
<b>Transactions recorded directly in equity</b>														
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)
<b>Balance at March 31, 2022</b>	100	-	-	7,378	1,158	-	(1,348)	1,363	1,292	-	(58)	1,273	(50)	11,520
Profit for the year	-	-	-	-	1,335	-	-	-	-	-	-	-	-	1,335
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	29	1,529	(21)	1,537
<b>Total comprehensive income for the year</b>	-	-	-	-	1,335	-	-	-	-	-	29	1,529	(21)	2,872
<b>Transactions recorded directly in equity</b>														
Securities premium received on issue of 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 ("OCRS") to Equity shares (refer note 12(a)(i)(c))	-	-	-	10,424	-	-	-	-	-	-	-	-	-	10,424
Dividend paid	-	-	-	-	(228)	-	-	-	-	-	-	-	-	(228)
Treasury shares with Biocon Biologics Employee Welfare Trust	-	-	-	-	-	-	-	-	-	-	-	-	(13)	(13)
Employee stock compensation expense (refer note 39)	-	-	-	-	-	-	-	-	-	-	-	-	-	447
<b>Balance at March 31, 2023</b>	100	-	2,312	153,327	2,265	-	(1,348)	1,363	1,292	(13)	(859)	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: 101248/W/W-100022

### Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru

May 23, 2023

### For and on behalf of the Board of Directors of Biocon Biologics Limited

#### Kiran Mazumdar-Shaw

Executive Chairperson

DIN: 00347229

#### M. B. Chinappa

Chief Financial Officer

Bengaluru

May 22, 2023

#### Shreehas P Tambe

Managing Director

DIN: 09796480

#### Deepika Srivastava

Company Secretary

Membership No. : A23654

# Consolidated Statement of Cash Flows

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>I Cash flows from operating activities</b>		
Profit for the year	1,335	3,825
<b>Adjustments to reconcile profit for the year to net cash flows</b>		
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 Viatrix (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>

# Consolidated Statement of Cash Flows

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>IV Net Increase / (decrease) in cash and cash equivalents (I + II + III)</b>	7,046	(624)
<b>V Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	100	46
<b>VI Cash and cash equivalents at the beginning of the year</b>	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

## 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)	1,33,694
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

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

Bengaluru  
May 23, 2023

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

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

**M. B. Chinappa**  
Chief Financial Officer  
Bengaluru  
May 22, 2023

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

**Deepika Srivastava**  
Company Secretary  
Membership No. : A23654

# Notes to the 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)

## 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.

#### *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 intangible assets;

## Notes to the 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)

- 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.

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



## Notes to the 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 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

## Notes to the 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)

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 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.
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## Notes to the 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)

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.

### 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.

## Notes to the 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)

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.

### **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.

## Notes to the 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)

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	9-10 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	

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.

## Notes to the 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. 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.

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

## Notes to the 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)

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.

### 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.

## Notes to the 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)

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.

#### 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



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

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.

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

## Notes to the 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)

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.

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

## Notes to the 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)

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 asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be 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

## Notes to the 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)

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.

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.

### 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.

## Notes to the 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)

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.

## Notes to the 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>									
<b>At April 01, 2021</b>	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									
- 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>
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>7,515</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>									
<b>At April 01, 2021</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>	-
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>
Charge for the year	-	285	68	2,678	168	68	7	3,274	-
Disposals	-	-	-	(24)	-	-	(5)	(29)	-
Other adjustments									
- Foreign currency translation adjustment	-	117	-	456	-	4	-	577	-
<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>									
<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>
<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 ₹ 1,698 (March 31, 2022: ₹ 1,445).

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

## Notes to the 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 equipment and Capital work-in-progress (contd.)

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
<b>As at March 31, 2023</b>	<b>5,253</b>	<b>3,092</b>	<b>5,245</b>	<b>1,362</b>	<b>14,952</b>
Projects in progress	7,481	7,415	5,185	3,841	23,922
<b>As at March 31, 2022</b>	<b>7,481</b>	<b>7,415</b>	<b>5,185</b>	<b>3,841</b>	<b>23,922</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	
<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
<b>As at March 31, 2023</b>	<b>3,604</b>	<b>6,269</b>	<b>-</b>	<b>-</b>	<b>9,873</b>
<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
<b>As at March 31, 2022</b>	<b>15,315</b>	<b>6,164</b>	<b>-</b>	<b>-</b>	<b>21,479</b>

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

### 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>
Net carrying amount				
<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 ₹ 2 capitalised during the year (March 31, 2022 : ₹ 5).

## Notes to the 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 (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
Opening Balance	-	-
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>	-

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:

- a) Estimated cash flows for nine years, based on management's projections.
- b) 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.
- c) 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.

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## Notes to the 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)

### 4. 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 ₹ 697 (March 31, 2022: ₹ 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

#### 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>

## Notes to the 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)

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>

### 5. Other financial assets

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
Deposits	151	71
Contingent consideration receivable [refer note 31(D) and 35(d)]	8,993	-
	<b>9,144</b>	<b>71</b>
<b>(b) Current</b>		
Interest accrued on bank deposits	26	13
Other receivables (considered good - Unsecured) from:		
Others	461	3,807
	<b>487</b>	<b>3,820</b>

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
<b>Total</b>	<b>(1,906)</b>	<b>572</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipments	(1,406)	(283)
Other intangible assets	(3,546)	(592)
Goodwill	(654)	-
Deferred consideration	(385)	-
Derivative assets	(94)	(78)
<b>Gross deferred tax liabilities</b>	<b>(6,085)</b>	<b>(953)</b>
<b>Deferred tax assets</b>		
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
<b>Gross deferred tax assets</b>	<b>4,179</b>	<b>1,525</b>
<b>Deferred tax (liabilities) / assets (net)</b>	<b>(1,906)</b>	<b>572</b>

## Notes to the 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)

### 7. Other assets

	March 31, 2023	March 31, 2022
<b>Unsecured considered good, unless otherwise stated</b>		
<b>(a) Non-current</b>		
Capital advances	945	333
Duty drawback receivable	24	32
Balances with statutory / government authorities	706	467
Prepayments	676	701
	<b>2,351</b>	<b>1,533</b>
<b>(b) Current</b>		
Balances with statutory / government authorities	2,206	971
Export incentive receivable	8	143
Advance to suppliers	963	645
Prepayments	501	457
	<b>3,678</b>	<b>2,216</b>

[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
	<b>31,607</b>	<b>14,105</b>

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

(b) Write-down of inventories to net realisable value and provision for stock obsolescence amounted to ₹ 522 (March 31, 2022: ₹ 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
<b>Quoted - Investments at fair value through profit or loss:</b>		
Investment in mutual funds	463	105
Investment in Adagio Therapeutics Inc - 294,000 (March 31, 2022 - 294,000)	29	102
Common Stock, par value USD 0.0001 each		
	<b>492</b>	<b>207</b>
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.

## Notes to the 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)

### 10. Trade receivables

	March 31, 2023	March 31, 2022
<b>Current</b>		
(a) Trade receivables considered good - Unsecured	23,443	8,780
(b) Trade receivables - credit impaired	27	27
	<b>23,470</b>	<b>8,807</b>
Allowance for expected credit loss	(27)	(27)
<b>Net trade receivables</b>	<b>23,443</b>	<b>8,780</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	Outstanding for following periods from due date of payment						Total
		Not due	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>								<b>23,470</b>
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
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	8,877	1,537
	<b>8,877</b>	<b>1,537</b>
<b>Other bank balances</b>		
Deposits with remaining maturity of less than 12 months	501	1,000
Margin money deposits	26	64
	<b>527</b>	<b>1,064</b>
<b>Total cash and bank balances</b>	<b>9,404</b>	<b>2,601</b>

(a) The Group has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.

## Notes to the 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 ₹ 10 each (March 31, 2022: ₹ 10 each)	25,000	15,000
1,000,000,000 (March 31, 2022: 2,000,000,000) preference shares of ₹ 10 each (March 31, 2022: ₹ 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 ₹ 10 each	13,217	10,588
205,420,000 (March 31, 2022: 205,420,000) Non Convertible Redeemable Preference Shares ("NCRPS") of ₹ 10 each	2,054	2,054
Nil (March 31, 2022: 1,081,000,000) Optionally Convertible Redeemable Preference Shares ("OCRPS") of ₹ 10 each	-	10,810
231,163,944 (March 31, 2022: Nil) Compulsorily Convertible Preference Shares ("CCPS") of ₹ 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.	₹ Million	No.	₹ 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.	₹ Million	No.	₹ 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.	₹ Million	No.	₹ 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.	₹ Million	No.	₹ 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 ₹ 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.

## Notes to the 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)

### (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.
- (vi) 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 ₹ 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 annual 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.

## Notes to the 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)

### (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 ₹ 10 each fully paid</b>				
Biocon Limited, the Holding Company (including shares held through nominees)	1,216,568,780	92.04%	989,717,600	93.47%
<b>NCRPS of ₹ 10 each fully paid</b>				
Biocon Limited, the Holding Company	205,420,000	100.00%	205,420,000	100.00%
<b>OCRPS of ₹ 10 each fully paid</b>				
Biocon Limited, the Holding Company	-	-	1,081,000,000	100.00%
<b>CCPS of ₹ 10 each fully paid</b>				
Mylan Inc	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 ₹ 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 ₹ 10 each for ₹ 280.74 per share and 231,163,944 CCPS of ₹ 10 each for ₹ 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 shares	No. of shares	% of total shares	No. of shares	% of total shares	March 31, 2023	March 31, 2022
<b>Biocon Limited</b>								
(a) Equity shares	1,216,568,780	92.04%	989,717,600	93.47%	989,717,600	93.47%	(1.43%)	-
(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%	(100%)	-

### (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 were 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 ₹ 0.2155 per equity share (March 31, 2022 : Nil). The Board of Directors had recommended a final dividend of ₹ 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 ₹ 228.

## Notes to the 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(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 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.



## Notes to the 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)

### 13. Non-current borrowings

	March 31, 2023	March 31, 2022
<b>Loans from banks (secured)</b>		
Term loan [refer note (a) (b) (c) and (d) below]	112,946	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>133,694</b>	<b>44,623</b>
Less: Amount disclosed under the head "Current borrowings" [refer note 16]	(1,068)	(12,959)
	<b>132,626</b>	<b>31,664</b>
<b>The above amount includes</b>		
Secured borrowings	114,946	16,888
Unsecured borrowings	18,748	27,735
Amount disclosed under the head "Current borrowings" [refer note 16]	(1,068)	(12,959)
<b>Net amount</b>	<b>132,626</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 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 facility for the manufacturing of pharmaceuticals. Carrying value of the loan as at March 31, 2023 amounts to ₹ 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 ₹ 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 ₹ 3,500 (March 31, 2022: ₹ 3,500).
- (c) During the year ended March 31, 2023, 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 ₹ 97,118 (March 31, 2022: Nil), net-off unamortised debt issuance cost of ₹ 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 ₹ 6,164 (March 31, 2022: 5,694).

## Notes to the 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)

(e) During the year ended March 31, 2021, the Company had issued NCD of face value ₹ 10,00,000 each to HDFC Bank Limited amounting to ₹ 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 ₹ 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 ₹ 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 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 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 ₹ 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 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 ₹ 274 in statement of profit and loss and a gain of ₹ 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 Company continues to comply 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.

## Notes to the 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

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
Provision for employee benefits		
Gratuity [refer note 30(i)]	340	299
Provision for sales return	1,231	-
	<b>1,571</b>	<b>299</b>
<b>(b) Current</b>		
Provision for employee benefits		
Gratuity [refer note 30(i)]	59	50
Compensated absences [refer note 30(ii)]	284	239
Provision for sales return	283	136
	<b>626</b>	<b>425</b>

### (i) Movement in provisions

	For the year ended March 31, 2023		
	Gratuity	Compensated absences	Sales return
Opening balance	349	239	136
Acquired through business combination (refer note 35)	-	-	1,307
Provision recognised during the year	50	45	71
<b>Closing balance</b>	<b>399</b>	<b>284</b>	<b>1,514</b>

	For the year ended March 31, 2022		
	Gratuity	Compensated absences	Sales return
Opening balance	301	190	136
Provision recognised during the year	48	49	-
<b>Closing balance</b>	<b>349</b>	<b>239</b>	<b>136</b>

### 15. Other liabilities

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
Deferred revenues [refer note 19]	582	9,589
	<b>582</b>	<b>9,589</b>
<b>(b) Current</b>		
Deferred revenues [refer note 19]	377	582
Advances from customers [refer note 19]	29	20
Statutory taxes and dues payable	3,117	153
	<b>3,523</b>	<b>755</b>

### 16. Current borrowings

	March 31, 2023	March 31, 2022
<b>From banks/ financial institutions</b>		
Packing credit foreign currency loan (unsecured) [refer note (a) below]	1,972	2,657
Packing credit rupee export loan (unsecured) [refer note (b) below]	8,870	3,250
Cash credit (secured) [refer note (c) below]	287	93
Current maturities of non-current borrowings [refer note 13]	1,068	12,959
	<b>12,197</b>	<b>18,959</b>
<b>The above amount includes</b>		
Secured borrowings	287	93
Unsecured borrowings	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.

## Notes to the 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)

### 17. Trade payables

	March 31, 2023	March 31, 2022
<b>Trade and other payables</b>		
- Total outstanding dues of micro and small enterprises ('MSME')	1,013	375
- Total outstanding dues of creditors other than micro and small enterprises *	31,368	8,669
	<b>32,381</b>	<b>9,044</b>

\* 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	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>

### 18. Other financial liabilities

	March 31, 2023	March 31, 2022
<b>(a) Non-current</b>		
Deferred consideration payable (refer note 35)	25,573	-
Contingent consideration payable [refer note 31(D) and 35(a)]	6,583	-
	<b>32,156</b>	<b>-</b>
<b>(b) Current</b>		
Interest accrued but not due	192	135
Derivative premium payable	10	-
Deferred consideration payable (refer note 35)	2,014	-
Payables for capital goods	1,183	959
	<b>3,399</b>	<b>1,094</b>

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

## Notes to the 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)

### 19. Revenue from operations

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Sale of products</b>		
Finished goods*	43,068	31,225
Traded goods	9,650	2,415
<b>Sale of services</b>		
Licensing and development fees	2,058	460
Research fees	42	60
<b>Other operating revenue</b>		
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

**55,838**      **34,643**

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

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

<b>Balance at the beginning of the year</b>	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.

## Notes to the 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)

### 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 ₹ 18,861 which is more than 10% of the total revenue of the Company for the year ended March 31, 2023 (March 31, 2022: ₹ 17,337).

### 19.6 Reconciliation of revenue from contracts with customers

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Revenue from contracts with customers as per contract price</b>	107,666	34,402
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

	Year ended March 31, 2023	Year ended March 31, 2022
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>

### 21. Cost of raw materials and packing materials consumed

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>

### 22. Changes in inventories of finished goods, traded goods and work-in-progress

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>

## Notes to the 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)

### 23. Employee benefits expense

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus *	6,942	5,903
Contribution to provident and other funds	402	330
Gratuity [refer note 30(i)]	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)]

### 24. Finance cost

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 ₹ 2,395 (March 31, 2022 - ₹ 1,481).

### 25. Depreciation and amortisation expense

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>

### 26. Other expenses

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 (j)]	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]

## Notes to the 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)

### 26. Other expenses (contd.)

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

	Year ended March 31, 2023	Year ended March 31, 2022
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>

### 27. Lease

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 ₹ 544 (March 31, 2022: ₹ 514).

The following is the movement in the lease liability.

	Total
<b>Balance as at April 1, 2021</b>	1,965
Additions during the year	405
Finance cost accrued during the year*	211
Payment of lease liabilities	(514)
<b>Balance as at March 31, 2022</b>	<b>2,067</b>
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>

\*includes ₹ 2 (March 31, 2022 - ₹ 5) capitalised during the year

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

Particulars	March 31, 2023	March 31, 2022
Current lease liabilities	477	492
Non-current lease liabilities	1,316	1,575
	<b>1,793</b>	<b>2,067</b>
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
<b>Total</b>	<b>2,370</b>	<b>2,815</b>
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
<b>Total</b>	<b>623</b>	<b>602</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).



## Notes to the 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)

### 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 related party	Relationship	Description of transactions	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	53	719
			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	-

## Notes to the 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)

SI No	Name of related party	Relationship	Description of transactions	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
			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	-
6	Biocon Pharma UK Limited	Fellow subsidiary	Expenses incurred by related party on behalf of the Group [Refer note (g) below]	0	-	-	-
			Trade payables [Refer note (g) below]	-	(0)	-	-
7	Biocon Pharma Limited	Fellow subsidiary	Research Service	(191)	-	(8)	-
			Cross charges towards facility and other expenses	-	-	(122)	-
			Sale of goods/other product	(2)	-	(123)	-
			Purchase of goods	(7)	-	-	-
			Issue of equity shares	(12,166)	-	-	-
			Trade Receivables	-	117	-	43
8	Biocon Foundation	Fellow subsidiary	Contribution towards CSR expenses	44	-	43	-
			Advance receivables	-	7	-	2

## Notes to the 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)

SI No	Name of related party	Relationship	Description of transactions	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
9	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges Sale of assets Trade payables [Refer note (g) below]	39 (1) -	- - 0	31 - -	- - 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(j)] Deferred consideration payable Contingent consideration payable Contingent consideration receivable	5,505 - - -	- (27,587) (6,583) 8,993	- - - -	- - - -
14	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (c) (d) (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.

## Notes to the 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) Key managerial personnel include:

(i)	Kiran Mazumdar Shaw	Executive Chairperson
(ii)	Arun Chandavarkar	Managing Director (upto commencement of business hours on December 5, 2022) and Non-Independent Non-Executive Director (w.e.f. commencement of business hours on December 5, 2022)
(iii)	Shreehas P Tambe	Managing Director & Chief Executive Officer (w.e.f commencement of business hours on December 5, 2022)
(iv)	M.B. Chinappa	Chief Financial Officer
(v)	Akhilesh Nand	Company Secretary (upto closure of business hours on February 13, 2023)
(vi)	Deepika Srivastava	Company Secretary (w.e.f. commencement of business hours on February 14, 2023)
(vii)	Peter Piot	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 ₹ 114 (March 31, 2022: ₹ 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 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 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.

## Notes to the 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)

### 29. Tax expense

	March 31, 2023	March 31, 2022
<b>(a) Amount recognised in statement of profit and loss</b>		
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>(b) Reconciliation of effective tax rate</b>		
Profit before tax	1,186	4,628
Tax at statutory income tax rate 34.944% (March 31, 2022: 34.944%)	414	1,617
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
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 equipment	283	-	1022	-	102	1406
Other intangible assets	592	2879	75	-	-	3546
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>

## Notes to the 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)

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 equipment	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
<b>Balance at the beginning of the year</b>	<b>349</b>	<b>301</b>
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>

## Notes to the 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)

(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 ₹ 117 (31 March 2022: ₹ 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.

## Notes to the 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)

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

#### A. Accounting classification and fair values

March 31, 2023	Carrying amount				Fair value			Total
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	
<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>152</b>	<b>8,637</b>	<b>8,789</b>

March 31, 2022	Carrying amount				Fair value			Total
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	
<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>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>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.



## Notes to the 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)

Significant observable inputs	March 31, 2023 Impact on other components of equity		March 31, 2022 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)

### 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 measurement
a) Contingent consideration receivable (refer note 35)	Binomial Option Pricing Model - using risk free discount rate and growth rate.	a) Discount rate b) Volatility rate	A 1% increase in discount rate would have led to approximately ₹ 100 gain in Statement of Profit and loss. A 1% decrease would have led to approximately ₹ 107 loss in Statement of Profit and loss. A 5% increase in volatility rate would have led to approximately ₹ 467 loss in Statement of Profit and loss. A 5% decrease would have led to approximately ₹ 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 b) Volatility rate	A 1% increase in discount rate would have led to approximately ₹ 265 gain in Statement of Profit and loss. A 1% decrease would have led to approximately ₹ 268 loss in Statement of Profit and loss. A 5% increase in volatility rate would have led to approximately ₹ 78 gain in Statement of Profit and loss. A 5% decrease would have led to approximately ₹ 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

As at March 31, 2022	Valuation Techniques	Significant unobservable inputs	Sensitivity of input to fair value measurement
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

	Contingent consideration receivable	Contingent consideration payable	NCRPS	OCRPS
<b>At April 01, 2021</b>	-	-	2,054	10,810
Gain/loss included in Statement of Profit and loss	-	-	-	-
- Net change in fair value (unrealised)	-	-	-	-
Foreign currency translation adjustment	-	-	-	-
<b>At March 31, 2022</b>	-	-	<b>2,054</b>	<b>10,810</b>
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	-	-	-	(10,810)
Foreign currency translation adjustment	65	-	-	-
<b>At March 31, 2023</b>	<b>8,993</b>	<b>6,583</b>	<b>2,054</b>	-

## Notes to the 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)

### 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.

#### (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 ₹ 27 (March 31, 2022: ₹ 27).

Allowance for impairment	March 31, 2023	March 31, 2022
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 an individual customer is ₹ 6,689 (March 31, 2022 - ₹ 4,483) 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.

## Notes to the 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 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.

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

March 31, 2023	USD	EUR	Others	Total
<b>Financial assets</b>				
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>

## Notes to the 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, 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)	(4,868)
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.

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(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:

Particulars	March 31, 2023	March 31, 2022
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

### 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.

## Notes to the 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)

### (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 ₹ 1,157 (March 31, 2022 : ₹ 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.

	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	-

## Notes to the 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)

### 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 ₹ 65,265.

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. 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 ₹ 14,030 (March 31, 2022 : ₹ 12,344) [refer note 13(h)]

### 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

## Notes to the 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%	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%	-	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>

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	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	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>

## Notes to the 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)

### 35. Business combination

On February 27, 2022, the Group entered into a definitive agreement with its collaboration partner Viatrix Inc. to acquire Viatrix' biosimilars business to create a fully integrated global biosimilars enterprise, at a total consideration of ₹ 247,255, including cash of ₹ 156,645 and Compulsorily Convertible Preference Shares ('CCPS') in BBL of ₹ 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 Viatrix' 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 Viatrix, 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	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	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>247,255</b>

\*below rounding-off norms

- (a) CCPS were fair valued using Binomial Option Pricing Model at ₹ 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 initial recognition is being split into equity of ₹ 74,815 (fixed to fixed conversion) and contingent consideration (derivative liability) of ₹ 7,366.
- (b) The Group has issued one equity share at fair value of ₹ 280.74 per share, based on the valuation report by the independent valuer.



## Notes to the 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) The Group has agreed for deferred consideration payable after 18-24 months from the acquisition date, fair valued at ₹ 27,940.
- (d) Contingent consideration receivable amount will be due from Viartis 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, Viartis 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 ₹ 10,251.

- (e) The Group and Viartis 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 ₹ 9,260 has been de-recognised with a corresponding impact to Goodwill.
- (f) The Goodwill of ₹ 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 ₹ 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 ₹ 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 ₹ 22,074, Profit before tax, interest, depreciation, amortisation and exceptional items of ₹ 4,007 and Profit before tax and exceptional items of ₹ 73 to the Group's results.

If the acquisition had occurred on 1 April 2022, management estimates that consolidated revenue would have been ₹ 99,269, consolidated Profit before tax, interest, depreciation, amortisation and exceptional items of ₹ 21,263 and consolidated Profit before tax and exceptional items for the year would have been ₹ 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 Viartis Inc to provide commercial and other transition services to ensure continuity of customer service and smooth transition to BBL.

## Notes to the 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)

### 36. Contingent liabilities and commitments

(to the extent not provided for)

	March 31, 2023	March 31, 2022
<b>(i) Contingent liabilities</b>		
(a) Claims against the Group not acknowledged as debt	1,111	1,107
The above includes		
(i) Direct taxation	986	986
(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)	125	121
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.		
<b>(ii) Commitments:</b>		
b) Estimated amount of contracts remaining to be executed on capital account and not provided for	7,592	4,031

### 37. Earnings per equity share (EPS)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Earnings</b>		
For basic and diluted EPS*	1,335	3,825
<b>Shares</b>		
Basic outstanding shares	1,058,849,676	1,058,849,676
Add: Weighted average shares issued during the year	108,147,478	-
<b>Weighted average shares used for computing basic EPS</b>	<b>1,166,997,154</b>	<b>1,058,849,676</b>
Add: Effect of dilutive rights granted under OCRPS	12,342,820	38,456,065
Add: Effect of dilutive rights granted under CCPS	97,842,785	-
Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	3,999,218	2,333,060
Add: Effect of dilutive rights granted under OCD *	-	-
<b>Weighted average shares used for computing diluted EPS</b>	<b>1,281,181,977</b>	<b>1,099,638,801</b>
<b>Earnings per equity share</b>		
Basic (in ₹)	1.14	3.61
Diluted (in ₹)	1.04	3.48

\*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

## Notes to the 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)

### 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	31,867
Ireland	65,735	-
UK	202,679	6,528
Malaysia	27,547	24,727
Rest of the world	8	15
<b>Total</b>	<b>329,702</b>	<b>63,137</b>

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

For details of significant customer refer note 19.5

### 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 the grant 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 ₹ 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 Biologics 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. This opinions are exercisable at ₹ 10 per RSU.

## Notes to the 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)

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>				
<b>Outstanding at the beginning of the year</b>	5,142,857	10	-	-
Granted during the year	1,315,802	10	5,142,857	10
Lapses/forfeited during the year	8,05,518	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>				
<b>Outstanding at the beginning of the year</b>	-	-	-	-
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 ₹ 447 (March 31, 2022: 412) as cost of the above RSU Plan in the statement of profit and loss.

- c) 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 ₹ 259 (March 31, 2022: ₹ 137) as cost of the above stock option plans based on amounts cross charged by its Holding company.

## Notes to the 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)

### 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 ₹ 2,374 and ₹ 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 ₹ 231 and ₹ 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 ₹ 470. The impairment has been recognized as an exceptional item during the year ended March 31, 2023. Consequential tax impact of ₹ 62 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 ₹ 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 ₹ 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 ₹ 50 per exporter for the period. The Company during the financial year ended March 31, 2022 has reversed the SEIS claim receivables of ₹ 120 for the financial year 2019-20 and the same has been presented under exceptional items. Consequential tax impact of ₹ 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 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.

### 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.

## Notes to the 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)

**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  
May 23, 2023

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

**Kiran Mazumdar-Shaw**

*Executive Chairperson*

DIN: 00347229

**M. B. Chinappa**

*Chief Financial Officer*

Bengaluru  
May 22, 2023

**Shreehas P Tambe**

*Managing Director*

DIN: 09796480

**Deepika Srivastava**

*Company Secretary*

Membership No. : A23654

## Concept

### Strategic Action Transformational Growth

The theme of Biocon Biologics' maiden Integrated Annual Report FY23 captures the 'upward momentum' arising from 'strategic action' to promote transformational growth. The symbol of 'upward arrows' represents aspirations, innovation, advancement, and inclusion. It embodies the Company's tireless efforts to improve access to high quality biotherapeutics to drive Patient Equity; it represents the initiatives designed to build an empowering and inclusive workplace creating People Equity; it stands for the principles of operating with integrity, transparency and accountability to ensure Stakeholder Equity; it exemplifies the adoption of sustainable business practices to promote Environmental Equity; and it epitomizes the Company's focus on enabling underserved communities for achieving Social Equity. By harnessing the power of our commitment to create a sustainable world the 'upward arrows' symbolize hope and aspiration.



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### Content & Design:

Global Communications Team, Investor Relations & Subject Matter Experts of Biocon Group, in collaboration with consultants.

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Annual Report 2023



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## Forward Looking Statement

### Biocon Biologics Integrated Annual Report FY23

This is Biocon Biologics' first standalone Integrated Annual Report. Certain information disclosed in this report concerning our future growth prospects are forward-looking statements, which are based on the management's current plans and assumptions. These statements are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in such forward-looking statements. Further, market data used in the various chapters are based on several published reports and internal company assessment. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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In an effort to realize our vision of a cleaner, greener future, we encourage people to access and share digital versions of the Biocon Biologics' 2023 Integrated Annual Report, which is available on our website and can be downloaded from [www.bioconbiologics.com](http://www.bioconbiologics.com) or by scanning the QR codes above.



**Biocon Biologics Limited**

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