

**GENNOVA BIOPHARMACEUTICALS LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditor's Report

To the Members of Genova Biopharmaceuticals Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Genova Biopharmaceuticals Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Emphasis of Matter

We draw attention to Note 57 to the financial statements, which describes the uncertainty related to the ultimate outcome of the arbitration proceedings filed against Genova Biopharmaceuticals Limited ('Genova' / 'the Company') in the London Court of International Arbitration by HDT Bio Corp. ('HDT') in the matter relating to the COVID vaccine being developed by Genova.

The uncertainty in the matter, including financial impact, if any, will remain till the proceedings are concluded. Given the uncertainty of proceedings, the merits of HDT's claims cannot be fully assessed at present and the Company cannot predict the outcome of the proceedings or reasonably estimate the possible loss or range of loss, if any, that may result from the proceedings. Accordingly, no provision has been recognised in these financial statements as at 31 March 2023.

Our opinion is not modified in respect of this matter.



Registered Office:

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

## Independent Auditor's Report (Continued)

### Gennova Biopharmaceuticals Limited

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the



## Independent Auditor's Report (Continued)

### Gennova Biopharmaceuticals Limited

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 42 to the financial statements.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 44 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



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

**Gennova Biopharmaceuticals Limited**

- (ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 44 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 the Act. The remuneration paid to any director 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) which are required to be commented upon by us.

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

*Chartered Accountants*

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



**Abhishek**

*Partner*

Place: Pune

Date: 08 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTM1491



**Annexure A to the Independent Auditor's Report on the Financial Statements of Gennova Biopharmaceuticals 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 has been physically verified by the management during the year. 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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

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

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

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

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the



**Annexure A to the Independent Auditor's Report on the Financial Statements of Genova Biopharmaceuticals Limited for the year ended 31 March 2023 (Continued)**

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

- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into 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 Disputed (Rs. in millions)	Amount paid under protest (Rs. in millions)	Period to which the amount relates #	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	49.92	Nil*	From AY 2015-16 to AY 2019-20	Commissioner of Income Tax Appeal, Pune
Goods and Services Tax	Goods and Services Tax	0.74	0.04	FY 2018-19	Commissioner of State Tax (Appeals), Pune

\* Adjusted with carry forward losses

# FY and AY stand for Financial Year and Assessment Year respectively

- (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



**Annexure A to the Independent Auditor's Report on the Financial Statements of Genova Biopharmaceuticals Limited for the year ended 31 March 2023 (Continued)**

- of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) 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 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





**Annexure A to the Independent Auditor's Report on the Financial Statements of Genova Biopharmaceuticals Limited for the year ended 31 March 2023 (Continued)**

- Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, 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) 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 project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

*Chartered Accountants*

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

  
**Abhishek**

*Partner*

Place: Pune

Date: 08 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTM1491

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

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

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

**Opinion**

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

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

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

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls with Reference to Financial Statements**

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



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

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

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

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

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

*Chartered Accountants*

Firm's Registration No.:101248WW-100022

*Abhishek*

**Abhishek**

*Partner*

Place: Pune

Date: 08 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTM1491

**GENNOVA BIOPHARMACEUTICALS LIMITED**  
Balance Sheet as at March 31, 2023

Rs. in millions

Particulars	Notes	March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,084.15	1,021.25
Capital work-in-progress	4	1,390.16	699.95
Right-of-use assets	6	681.62	801.62
Other intangible assets	5	4.87	7.23
Intangible assets under development	4	26.18	26.18
Financial assets			
i) Investments	7	*	*
ii) Other financial assets	8	87.65	79.36
Deferred tax assets (net)	36	89.14	136.48
Income tax assets (net)	37	0.10	-
Other non current assets	9	70.34	105.33
<b>Total non current assets</b>		<b>3,434.21</b>	<b>2,877.40</b>
<b>Current assets</b>			
Inventories	10	1,397.64	1,325.53
Financial assets			
i) Trade receivables	11	610.94	482.73
ii) Cash and cash equivalents	12	72.89	308.61
iii) Bank balances other than (ii) above	13	26.56	24.39
iv) Other financial assets	14	244.92	80.94
Other current assets	15	568.24	471.38
<b>Total current assets</b>		<b>2,921.19</b>	<b>2,693.58</b>
<b>Total assets</b>		<b>6,355.40</b>	<b>5,570.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	55.11	55.11
Other equity			
Reserves and surplus	17	2,126.93	1,817.86
<b>Total equity</b>		<b>2,182.04</b>	<b>1,872.97</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i) Borrowings	18	326.05	256.65
ii) Lease Liabilities	6	386.83	513.40
iii) Other financial liabilities	19	13.78	13.78
Provisions			
Other non current liabilities	20	40.85	37.80
	21	162.31	158.02
<b>Total non current liabilities</b>		<b>929.82</b>	<b>979.65</b>
<b>Current liabilities</b>			
Financial liabilities			
i) Borrowings	22	1,586.71	1,036.33
ii) Lease Liabilities	6	166.31	145.34
iii) Trade payables	23		
Total outstanding dues of micro and small enterprises		9.42	33.95
Total outstanding dues to others		1,192.45	1,123.56
iv) Other financial liabilities	24	146.18	175.19
Provisions			
Other current liabilities	25	24.16	37.62
Income tax liabilities (net)	26	64.93	144.06
	37	53.38	22.31
<b>Total current liabilities</b>		<b>3,243.54</b>	<b>2,718.36</b>
<b>Total liabilities</b>		<b>4,173.36</b>	<b>3,698.01</b>
<b>Total equity and liabilities</b>		<b>6,355.40</b>	<b>5,570.98</b>

\* Amount below Rs. 0.005 millions

Significant accounting policies

1C

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022

Chartered Accountants

Abhishek  
Partner

Membership No. 062343

Place: Pune

Date: 8-June-2023

For and on behalf of the Board of Directors  
Gennova Biopharmaceuticals Limited  
CIN: U24231PN2001PLC016253

Satish Mehta  
Chairman  
DIN: 00118691

Sachin Kaushik  
Chief Financial Officer

Place: Pune

Date: 26-May-2023

Sanjay Singh  
Whole-time Director & CEO  
DIN: 01693795

Rutuja Gohad  
Company Secretary  
Membership No. A35340

GENNOVA BIOPHARMACEUTICALS LIMITED  
Statement of Profit and Loss for the year ended March 31, 2023

Rs. in millions

Particulars	Notes	March 31, 2023	March 31, 2022
<b>Revenue:</b>			
Revenue from operations	27	3,730.15	3,402.42
Other income	28	34.05	27.30
<b>Total revenue</b>		<b>3,764.20</b>	<b>3,429.72</b>
<b>Expenses:</b>			
Cost of materials consumed	29	468.40	464.74
Purchases of stock-in-trade		238.33	289.46
Changes in inventories of finished goods, work-in-progress and traded goods	30	70.95	(266.76)
Employee benefit expenses	31	605.32	546.64
Depreciation and amortization expense	33	352.03	276.88
Finance cost	34	207.13	170.23
Other expenses	32	1,390.35	1,695.49
<b>Total expenses</b>		<b>3,332.51</b>	<b>3,176.68</b>
<b>Profit/(Loss) before tax</b>		<b>431.69</b>	<b>253.04</b>
<b>Tax expense</b>	35		
Current tax		83.90	47.04
Deferred tax		40.69	38.42
<b>Total tax expenses</b>		<b>124.59</b>	<b>85.46</b>
<b>Profit/(Loss) for the year</b>		<b>307.10</b>	<b>167.58</b>
<b>Other comprehensive income / (expenses) (OCI)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of defined benefit plan		0.68	(10.76)
Income tax relating to above item		(0.20)	3.13
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>0.48</b>	<b>(7.63)</b>
<b>Total comprehensive income for the year</b>		<b>307.58</b>	<b>159.95</b>
<b>Earnings per share:</b>			
Basic	38	55.72	30.41
Diluted	38	55.72	30.41
[Face value per share: Rs. 10 (March 31, 2022 : Rs.10)]			

Significant accounting policies

1C

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

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

For and on behalf of the Board of Directors  
Gennova Biopharmaceuticals Limited  
CIN - U24231PN2001PLC016253

*Abhishek*

Abhishek  
Partner  
Membership No. 062343

*Satish Mehta*  
Satish Mehta  
Chairman  
DIN : 00118691

*Sachin Kaushik*  
Sachin Kaushik  
Chief Financial Officer

Place: Pune  
Date: 26-May-2023

*Sanjay Singh*  
Sanjay Singh  
Whole-time Director & CEO  
DIN - 01693705

*Rutuja Gohad*

Rutuja Gohad  
Company Secretary  
Membership No. A35340

Place: Pune

Date: 8-June-2023



**GENNOVA BIOPHARMACEUTICALS LIMITED**

Statement of Changes in Equity for the year ended March 31, 2023

Equity share capital	Notes	Rs. in millions
As at April 1, 2021		55.11
Changes in equity share capital	16	-
As at March 31, 2022		55.11
Changes in equity share capital	16	-
As at March 31, 2023		55.11

Other equity	Notes	Equity component of compound financial instrument	Reserves and surplus			Rs. in millions
			Retained earning	Capital Redemption Reserve	Other reserves	Total
As at April 1, 2021		118.28	1,279.09	250.00	8.59	1,655.96
Profit for the year		-	167.58	-	-	167.58
Issue of share options of Holding Company to employees of the Company	46	-	-	-	1.95	1.95
Items of other comprehensive income recognised directly in retained earnings		-	(7.63)	-	-	(7.63)
Transfer of equity component of optionally convertible redeemable preference shares redeemed during the year to retained earnings		(118.28)	118.28	-	-	-
Creation to Capital Redemption Reserve pursuant to redemption of optionally convertible redeemable preference shares		-	(300.00)	300.00	-	-
As at March 31, 2022		-	1,257.32	550.00	10.54	1,817.86
Profit for the period		-	307.10	-	-	307.10
OCI impact of Defined benefit plan		-	-	-	-	-
Issue of share options of Holding Company to employees of the Company	46	-	-	-	1.49	1.49
Items of other comprehensive income recognised directly in retained earnings		-	0.48	-	-	0.48
Transfer of equity component of optionally convertible redeemable preference shares redeemed during the year to retained earnings		-	-	-	-	-
Creation to Capital Redemption Reserve pursuant to redemption of optionally convertible redeemable preference shares		-	-	-	-	-
As at March 31, 2023		-	1,564.90	550.00	12.03	2,126.93

Significant accounting policies 1C  
The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

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

*Abhishek*  
**Abhishek**  
Partner  
Membership No. 062343

Place: Pune  
Date: 8-June-2023

**For and on behalf of the Board of Directors**  
**Genova Biopharmaceuticals Limited**  
PIN - U24231PN2001PLC016253

*Satish Mehta*  
**Satish Mehta**  
Chairman  
DIN : 00118691

*Sachin Kaushik*  
**Sachin Kaushik**  
Chief Financial Officer

Place: Pune  
Date: 26-May-2023

*Sanjay Singh*  
**Sanjay Singh**  
Whole-time Director & CEO  
DIN : 01693705

*Ruthia Gohad*  
**Ruthia Gohad**  
Company Secretary  
Membership No. A35340

**GENNOVA BIOPHARMACEUTICALS LIMITED**  
Cash Flow Statement for the year ended March 31, 2023

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
<b>Cash flow from operating activities:</b>		
<b>Profit before taxation</b>	431.69	253.04
<b>Adjustment for:</b>		
Depreciation and amortisation expenses	352.03	276.88
Employee share-based payment	1.49	1.95
Finance costs	205.08	168.62
Provision for doubtful debts	2.15	2.06
Change in fair value of financial liabilities	2.05	1.61
Loss / (Profit) on sale of property, plant and equipment	(0.28)	5.21
Interest income from banks and others	(1.35)	(4.83)
Gain on termination of leases	(3.17)	-
Unwinding of discount on security deposits	(6.08)	(5.39)
	<b>983.61</b>	<b>699.15</b>
<b>Working capital adjustments:</b>		
- Increase in trade and other receivables	(130.36)	(131.43)
- Increase in inventories	(72.11)	(918.49)
- Increase in other assets	(89.77)	(357.62)
- Increase in other financial assets	(170.95)	(6.41)
- Increase in trade payables	44.44	888.46
- Increase in other financial liabilities	8.08	28.84
- Decrease in other liabilities	(74.85)	(99.10)
- (Decrease)/Increase in provisions	(9.94)	28.86
<b>Cash generated from operating activities</b>	<b>488.15</b>	<b>132.26</b>
Income taxes paid (net of refund)	(46.30)	(59.09)
<b>Net cash inflow from operating activities (A)</b>	<b>441.85</b>	<b>73.17</b>
<b>Cash flow from investing activities:</b>		
Purchase of property, plant and equipment	(910.35)	(1,151.57)
Proceeds from sale of property, plant and equipment	4.86	0.48
Interest received	1.04	6.52
Term deposits with banks (net)	(2.14)	124.87
<b>Net cash used in investing activities (B)</b>	<b>(906.59)</b>	<b>(1,019.70)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from secured borrowings	576.39	897.06
Repayment of secured borrowings	(290.61)	(1.71)
Repayment of unsecured borrowings	(18.41)	(18.41)
Redemption of optionally convertible redeemable preference shares**	-	(300.00)
Repayment of lease liabilities (Refer note no 6)	(210.37)	(145.39)
Interest paid (refer footnote 1 below)	(177.99)	(80.04)
<b>Net cash used in from financing activities (C)</b>	<b>(120.99)</b>	<b>351.51</b>
Net decrease in cash & cash equivalents (A+B+C)	(585.73)	(595.02)
Cash and cash equivalent at beginning of the year (Refer below)	(2.01)	593.01
<b>Cash and cash equivalent at end of the year (Refer below)</b>	<b>(587.74)</b>	<b>(2.01)</b>
		<b>Rs. in millions</b>
<b>Components of cash and cash equivalent</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Cash on hand	0.01	0.06
Balances with banks	72.88	308.55
Cash credit facilities repayable on demand from banks	(660.63)	(310.62)
<b>Total cash and cash equivalent*</b>	<b>(587.74)</b>	<b>(2.01)</b>

\*Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

\*\*This pertains to the prepayment of term loan and compound financial instrument amounting to Rs. Nil (March 31, 2022: Rs 300 million)



GENNOVA BIOPHARMACEUTICALS LIMITED  
Cash Flow Statement for the year ended March 31, 2023 (continued)

Rs. in millions

Changes in liabilities arising from financing activities	March 31, 2023	March 31, 2022
<b>Borrowings (refer note 18 and 22):</b>		
Opening balance	987.96	307.97
Amount borrowed during the year	576.39	897.06
Amount repaid during the year	(309.02)	(320.12)
Amortised cost and other adjustment	(1.88)	103.05
<b>Closing balance</b>	<b>1,253.45</b>	<b>987.96</b>
<b>Finance cost (refer note 22):</b>		
Opening balance	1.77	6.23
Finance cost during the year	207.13	170.23
Amount paid during the year (including interest on lease liability)	(177.99)	(124.67)
Amortised cost and other adjustment (includes borrowing cost capitalised during the year)	(26.74)	(50.02)
<b>Closing balance</b>	<b>4.17</b>	<b>1.77</b>

Footnotes to the cash flow statement:

1. Includes interest expense of Rs. 29.40 million( March31, 2022: Nil) which has been capitalised in accordance with Ind AS 23, Borrowing Costs.

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

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

Firm Registration: 101248W/W-100022  
Chartered Accountants



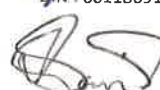
**Abhishek**  
Partner  
Membership No. 062343

Place: Pune

Date: 8-June-2023

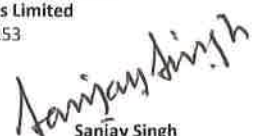
**For and on behalf of the Board of Directors**  
Gennova Biopharmaceuticals Limited  
CN-U24231PN2001PLC016253

  
**Sanjish Mehta**  
Chairman  
DIN : 00118691

  
**Sachin Kaushik**  
Chief Financial Officer

Place: Pune

Date: 26-May-2023



**Sanjay Singh**  
Whole-time Director & CEO  
DIN : 01693705

  
**Rutuja Gohad**  
Company Secretary  
Membership No. A35340

**GENNOVA BIOPHARMACEUTICALS LIMITED****Notes to the financial statements (continued)****For the year ended March 31, 2023****1A. General information:**

Gennova Biopharmaceuticals Limited (the "Company") is a research-based biotech pharmaceutical Company limited by shares, incorporated and domiciled in India. The Company is presently catering to the domestic as well as export markets and has one plant located in India.

**1B. Basis of preparation****a) Basis of preparation****Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on May 26, 2023.

Details of the Company's accounting policies are included in Note 1C.

**b) Functional and presentation currency**

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All the amounts disclosed in the financial statements and notes have been rounded off to the nearest millions, unless otherwise indicated.

**c) Basis of measurement**

The financial statements are prepared under the historical cost convention except for the following items:

Items	Measurement Basis
Certain Financial assets and liabilities	Fair value
Equity settled share based payment arrangements	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

**d) Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Assumptions and estimation uncertainties**

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending 31 March 2023 is included in following notes:

Note 1C. c) & d) Useful lives of property, plant and equipment and intangibles;

Note 20 & 25 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 36 - recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;

Note 45 - measurement of defined benefit obligations: key actuarial assumptions;

Note 6 - measurement of discount rate for initial recognition of ROU and Lease Liability as per Ind AS 116

**e) 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.

The Company has an established control framework with respect to the measurement of fair values.

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).



## GENNOVA BIOPHARMACEUTICALS LIMITED

### Notes to the financial statements (continued)

For the year ended March 31, 2023

#### 1B. Basis of preparation (continued)

##### e) Measurement of fair values (continued)

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 41 – Fair value measurements;
- Note 46 – Employee stock option plan

##### f) Current versus non current classification

All assets and liabilities are classified into current and non-current.

###### Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

###### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be settled within 12 months after the reporting date; or
- the Company does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Company is less than 12 months.

#### 1C. Significant accounting policies

##### a) Foreign Currency Translation

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 functional currency at 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 transaction, exchange difference are recognised in statement of profit and loss.

##### b) Financial instruments

###### i. Recognition and initial measurement

Trade receivables 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 (unless it is a trade receivable without a significant financing component) 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. A trade receivable without a significant financing component is initially measured at the transaction price.

###### ii. Classification and subsequent measurement

###### Financial assets

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

- amortised cost; or
- Fair value through profit and loss (FVTPL)





**GENNOVA BIOPHARMACEUTICALS LIMITED**

**Notes to the financial statements (continued)**

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

**1C. Significant accounting policies (continued)**

**b) Financial instruments (continued)**

**Classification and subsequent measurement (Continued)**

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:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms 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. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;

- How the performance of portfolio is evaluated and reported to the Company's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company's claim to cash flows for specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

**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 profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized 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 profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



**1C. Significant accounting policies (continued)**

**b) Financial instruments (continued)**

**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 profit or 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 profit or loss. Any gain or loss on derecognition is also recognised in profit or 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 profit or 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.

**c) Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment (including capital-work-in-progress) are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimate 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 separated 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.

**ii. Subsequent expenditure**

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

**iii. 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, and is generally recognised in the statement of profit and loss.

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.

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except in case of:

- Furniture and fixtures at leasehold premises that are depreciated over the lease period.
- Vehicles are depreciated over 5 years, as per technical evaluation.

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 represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).



**1C. Significant accounting policies (continued)**

**d) Intangible assets**

**i. Initial recognition:**

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**ii. Subsequent expenditure**

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

**iii. Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using straight line method, as is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

<u>Intangible Asset</u>	<u>Management estimated useful life</u>
Software, license rights	2 to 10 years

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

**iv. Intangible Assets under Development**

Intangible assets under development are initially recognized at cost. Such intangible assets are subsequently capitalized only if it is probable that the future economic benefit associated with the expenditure will flow to Company.

**e) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost on inventories is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory 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 expense.

The net realisable value of work-in-progress is determined with reference to the selling price of related finished products.

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

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

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Company's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Company considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

**f) Impairment**

**i. Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observed data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;
- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganization;
- the disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.



**GENNOVA BIOPHARMACEUTICALS LIMITED**

**Notes to the financial statements (continued)**

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

**1C. Significant accounting policies (continued)**

**f) Impairment (continued)**

**i. Impairment of financial instruments (Continued)**

For recognition of impairment loss on other financial assets the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) is recognized in the statement of profit and loss.

While determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis based on Company's historical experience and informed credit assessment and including forward - looking information.

The Company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The Company considers financial asset to be in default when:

- a. The borrower is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to action such as realising security (if any is held); or
- b. The financial asset is 90 days or more past due.

**Measurement of expected credit loss**

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

**Presentation of allowance of expected credit losses in the balance sheet**

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Write - off**

The Gross carrying amount of financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when Company determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

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

The Company's non-financial assets, other than inventories and deferred tax 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.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. 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 group of CGUs) on a pro rata basis.

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

**g) Employee benefits**

**i. Short term employee benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.





**1C. Significant accounting policies (continued)**

**g) Employee benefits (Continued)**

**ii. Share-based payment transactions**

Share-based payment are provided to employees via the Parent Company's Employees Stock Option Plan ("Emcure ESOS 2013")

The grant date fair value of equity settled share-based payment awards granted to employees of the Company 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.

**iii. Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**iv. Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results is a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in statement of profit or loss. The Company recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

**v. Other long term employee benefit**

The Company's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in statement of profit or loss in the period in which they arise.

**h) Provisions (other than for employee benefits), Contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.





**GENNOVA BIOPHARMACEUTICALS LIMITED**

**Notes to the financial statements (continued)**

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

**1C. Significant accounting policies (continued)**

**h) Provisions (other than for employee benefits), Contingent liabilities and contingent assets (continued)**

**i. Contingencies**

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

**ii. Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognized in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

**i) Revenue**

**Sale of goods**

Revenue is measured based on the consideration specified in a contract with a customer. Consideration is allocated to each performance obligation specified in the contract. The Company recognises revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary.

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Company recognises refund liability where the Company receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price).

**Sale of services**

**Rendering of services (other than sale of technology / know-how, rights, licenses and other intangibles)**

Revenue from rendering of services is recognised in statement of profit and loss over the period of time. The Company is involved in rendering services related to its products to its customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

**Allowance for Sales returns and breakage expiry**

When a customer has a right to return the product within a given period, the Company has recognised an allowance for returns. The allowance is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Company has an obligation to accept the goods which will expire. The Company has recognised an allowance for the returns due to expiry. The allowance is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

**j) Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis. As per company policy, government grant related operating revenue is recognized on a gross basis and not netted off against the operating expenses, i.e. the income is presented separately under Note 52 (gross presentation).

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.



**1C. Significant accounting policies (continued)**

**k) Leases**

**i. The Company as a lessee**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**l) Recognition of dividend income, interest income or expenses**

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**m) Income tax**

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



**1C. Significant accounting policies (continued)**

**m) Income tax (continued)**

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**n) 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.

**o) Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial assets at the time the guarantee is received. The asset is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables are received for no compensation, the Company has made accounting policy choice of recognising fair value of such financial guarantee as finance cost.

**p) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprises cash at bank 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.



**1C. Significant accounting policies (continued)**

**q) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company are identified as Chief operating decision maker. Refer note 49 for segment reporting.

**r) Earnings per share**

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.

**s) Cash flow statement**

Cash flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**t) Research and development**

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

**u) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

**Note 2 - Recent accounting pronouncements**

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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
Notes to the financial statements (continued)  
For the year ended March 31, 2023

Note 3 Property, plant and equipment	Rs. in millions						
	Gross book value			Accumulated depreciation			
	As at April 1, 2022	Addition	Disposals	As at March 31, 2023	As at April 1, 2022	Depreciation for the year	
Leasehold improvements	55.62	13.22	-	68.84	25.02	11.17	
Plant and machinery	1,679.68	209.30	11.46	1,877.52	745.76	145.90	
Electrical installation	7.78	1.44	-	9.22	3.64	0.64	
Air handling equipment	19.39	2.03	-	21.42	4.63	1.28	
Computers	30.18	8.73	-	38.91	16.30	7.72	
Office equipments	6.41	1.20	-	7.61	3.65	0.82	
Furniture and fixtures	15.23	3.57	0.12	18.68	3.80	1.52	
Vehicles	18.90	-	-	18.90	9.14	2.70	
<b>Total</b>	<b>1,833.19</b>	<b>239.49</b>	<b>11.58</b>	<b>2,061.10</b>	<b>811.94</b>	<b>171.75</b>	
							<b>As at March 31, 2023</b>
							<b>As at March 31, 2023</b>
							<b>Net book value As at March 31, 2023</b>
							36.19
							884.93
							4.28
							5.91
							24.02
							4.47
							5.31
							11.84
							7.06
							1,084.15

Refer Note 48 for information on property, plant and equipment pledged as security by the Company.

Note 3 Property, plant and equipment	Rs. in millions						
	Gross book value			Accumulated depreciation			
	As at April 1, 2021	Addition	Disposals	As at March 31, 2022	As at April 1, 2021	Depreciation for the year	
Leasehold improvements	21.67	33.95	-	55.62	21.13	3.89	
Plant and machinery	1,196.77	518.37	35.46	1,679.68	653.06	122.56	
Electrical installation	8.04	0.56	0.82	7.78	3.59	0.78	
Air handling equipment	12.45	6.94	-	19.39	3.74	0.89	
Computers	17.98	12.20	-	30.18	12.08	4.22	
Office equipments	4.32	2.09	-	6.41	2.94	0.71	
Furniture and fixtures	6.25	8.98	-	15.23	2.95	0.85	
Vehicles	8.01	10.89	-	18.90	6.51	2.63	
<b>Total</b>	<b>1,275.49</b>	<b>593.98</b>	<b>36.28</b>	<b>1,833.19</b>	<b>706.00</b>	<b>136.53</b>	
							<b>As at March 31, 2022</b>
							<b>As at March 31, 2022</b>
							<b>Net book value As at March 31, 2022</b>
							25.02
							745.76
							3.64
							4.63
							16.30
							0.82
							1.52
							2.70
							9.14
							7.06
							1,021.25





**GENNOVA BIOPHARMACEUTICALS LIMITED**  
Notes to the financial statements (continued)  
For the year ended March 31, 2023

Note 4 Capital Work-in-progress and Intangibles assets under development	Rs. in millions			
	As at April 1, 2022	Addition	Capitalised	Disposals
Capital work-in-progress	699.95	776.70	86.23	0.26
Intangible Assets under Development	26.18	-	-	-
				As at March 31, 2023
				1,390.16
				26.18

Note 4 Capital Work-in-progress and Intangibles assets under development	Rs. in millions			
	As at April 1, 2021	Addition	Capitalised	Disposals
Capital work-in-progress	130.41	1,025.42	455.88	-
Intangible Assets under Development	26.18	-	-	-
				As at March 31, 2022
				699.95
				26.18

**Footnotes for note 3 and 4**

1. The Capital work-in-progress at the year end of Rs. 1,390.18 Millions (March 31, 2022 : Rs. 699.95 Millions) mainly consists of plant and machinery, building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.
2. The borrowing cost capitalised on qualifying assets amounting to Rs. 29.40 million (March 31, 2022: Nil) have been added to the cost of assets during the year (refer note 34).
3. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is MCLR + 0.50% (March 31, 2022 : Nil).
4. Refer note 48 for information on Property, plant and equipment and Capital work-in-progress pledged as security by the company.

**Capital work-in-progress ageing as at end of reporting period is as below**

March 31, 2023	Rs. in millions		
	Less than 1 year	1 - 2 years	Total
Projects in progress	691.08	698.17	0.91
Projects temporarily suspended	-	-	-
<b>Total</b>	<b>691.08</b>	<b>698.17</b>	<b>0.91</b>

March 31, 2022	Rs. in millions		
	Less than 1 year	1 - 2 years	Total
Projects in progress	699.04	0.91	-
Projects temporarily suspended	-	-	699.95
<b>Total</b>	<b>699.04</b>	<b>0.91</b>	<b>699.95</b>

There are no projects where cost exceeded original plan and there are no projects which are overdue from original planned completion date.

**Intangible Assets Under Development ageing as at end of reporting period is as below**

March 31, 2023	Rs. in millions			
	Less than 1 year	1 - 2 years	2 - 3 years	Total
Projects in progress	-	-	-	-
Projects overdue from original planned completion date	-	0.04	-	26.14
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>-</b>	<b>0.04</b>	<b>0.04</b>	<b>26.14</b>

March 31, 2022	Rs. in millions			
	Less than 1 year	1 - 2 years	2 - 3 years	Total
Projects in progress	-	0.04	-	26.14
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>-</b>	<b>0.04</b>	<b>0.04</b>	<b>26.14</b>

There are no projects where cost exceeded original plan.

**Intangible assets under development completion schedule**

March 31, 2023	Rs. in millions			
	Less than 1 year	1 - 2 years	2 - 3 years	Total
Cell line at Research & development lab - Hinjewadi	-	-	26.18	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>26.18</b>	<b>26.18</b>

March 31, 2022	Rs. in millions			
	Less than 1 year	1 - 2 years	2 - 3 years	Total
Cell line at Research & development lab - Hinjewadi	-	26.18	-	-
<b>Total</b>	<b>-</b>	<b>26.18</b>	<b>-</b>	<b>26.18</b>



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
Notes to the financial statements (continued)  
For the year ended March 31, 2023

Note 5 Other intangible assets	Gross book value		As at March 31, 2023	Accumulated amortization		Net book value As at March 31, 2023	
	As at April 1, 2022	Addition		Disposals	As at April 1, 2022		As at March 31, 2023
	Software	20.80		1.57	-		13.57
<b>Total</b>	<b>20.80</b>	<b>1.57</b>	<b>-</b>	<b>13.57</b>	<b>17.50</b>	<b>4.87</b>	

Note 5 Other intangible assets	Gross book value		As at March 31, 2022	Accumulated amortization		Net book value As at March 31, 2022	
	As at April 1, 2021	Addition		Disposals	As at April 1, 2021		As at March 31, 2022
	Software	14.98		5.82	-		10.38
<b>Total</b>	<b>14.98</b>	<b>5.82</b>	<b>-</b>	<b>10.38</b>	<b>13.57</b>	<b>7.23</b>	



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 6 : Leases**

Lease contracts entered by the Company majorly pertains for Land & buildings taken on lease to conduct its business in the ordinary course. Information about leases for which the company is lessee is presented as below:

**Right-Of-Use Of Asset**

Particulars	Rs. in million			
	Land	Properties	Plant & Machinery	Total
Balance As On April 1 ,2021	183.15	171.30	6.33	360.78
Additions for the year	-	326.94	251.06	578.00
Depreciation Charge For The Year	(1.91)	(116.33)	(18.92)	(137.16)
<b>Balance As On March 31, 2022</b>	<b>181.24</b>	<b>381.91</b>	<b>238.47</b>	<b>801.62</b>
Additions for the year	-	61.21	16.18	77.39
Deletions for leases terminated	-	(21.04)	-	(21.04)
Depreciation Charge For The Year	(1.91)	(113.05)	(61.39)	(176.35)
<b>Balance As On March 31, 2023</b>	<b>179.33</b>	<b>309.03</b>	<b>193.26</b>	<b>681.62</b>

**Lease Liabilities**

Particulars	Rs. in million	
	March 31, 2023	March 31, 2022
Balance as at the beginning of the year	658.74	194.26
Additions for the year	72.37	565.24
Interest on lease liabilities	56.15	44.63
Deletions for leases terminated	(23.75)	-
Repayment of lease liabilities	(210.37)	(145.39)
<b>Balance as at the end of the year</b>	<b>553.14</b>	<b>658.74</b>
Current	166.31	145.34
Non-current	386.83	513.40

**Maturity analysis - contractual undiscounted cash flows-**

Particulars	Rs. in million	
	March 31, 2023	March 31, 2022
Less than one year	207.19	196.92
One to five years	409.87	566.68
More than five years	29.81	32.54
<b>Total undiscounted lease liabilities as at year end</b>	<b>646.87</b>	<b>796.14</b>

**Amount recognised in statement of Profit or Loss**

Particulars	Rs. in million	
	March 31, 2023	March 31, 2022
Interest on lease liabilities	56.15	44.63
Depreciation on right of use assets	176.35	137.16
<b>Total</b>	<b>232.50</b>	<b>181.79</b>

**Amounts recognised in statement of cash flow**

Cash flow from financing activities	Rs. in million	
	March 31, 2023	March 31, 2022
- Repayment Of Lease Liabilities	(210.37)	(145.39)



Note 7 Non current investments	Rs. in millions	
	March 31, 2023	March 31, 2022
Investment in equity Instruments Unquoted (Valued at cost unless otherwise stated) Investments in Emcure Brasil Farmaceutica Ltda 1 (March 31, 2022 : 1 ), fully paid equity shares of Real 1 each	*	*
<b>Total - Aggregate of unquoted investments</b>	<b>*</b>	<b>*</b>

\* Value below Rs. 0.005 Million

Note 8 Other non-current financial assets	Rs. in millions	
	March 31, 2023	March 31, 2022
Unsecured considered good, unless otherwise specified: Term deposits with banks for remaining maturity period more than 12 months (refer note below) Security deposits	1.68 85.97	1.42 77.94
<b>Total</b>	<b>87.65</b>	<b>79.36</b>

Note : Held as lien by bank for issuing performance bank guarantees. (Refer Note 48)

Note 9 Other non-current assets	Rs. in millions	
	March 31, 2023	March 31, 2022
Unsecured considered good, unless otherwise specified: Capital advances Prepaid expenses	67.46 2.88	95.80 9.53
<b>Total</b>	<b>70.34</b>	<b>105.33</b>

Note 10 Inventories	Rs. in millions	
	March 31, 2023	March 31, 2022
Raw materials [Includes in transit Rs. 0.08 millions (March 31, 2022 : Rs. 16.52 millions)]	610.31	604.01
Packing materials [Includes in transit Rs. 0.88 millions (March 31, 2022 : Rs. Nil millions)]	203.27	107.30
Work-in-progress	295.16	314.47
Finished goods	115.25	136.28
Traded goods	47.34	77.95
Stores and Spares [Includes in transit Rs. 11.83 millions (March 31, 2022 : Rs. Nil millions)]	126.31	85.52
<b>Total</b>	<b>1,397.64</b>	<b>1,325.53</b>

**Amounts recognised in statement of profit and loss**

- Write-downs of inventories during the year amounted to Rs. 2.44 millions (March 31, 2022 : Rs. 1.76 millions). These were recognised as an expense during the year and included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and traded goods in statement of profit and loss.
- Refer note 48 for information on Inventories pledged as security by the Company.

Note 11 Trade receivables	Rs. in millions	
	March 31, 2023	March 31, 2022
Trade receivables considered good - Unsecured	610.94	482.73
Trade receivables - credit impaired	17.08	14.93
<b>Less: Allowance for doubtful debts</b>	<b>628.02</b>	<b>497.66</b>
	<b>(17.08)</b>	<b>(14.93)</b>
<b>Total</b>	<b>610.94</b>	<b>482.73</b>

**Of the above, trade receivables from related parties are as below**

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Total trade receivables from related parties (refer note 44)	126.74	70.69
<b>Less: Allowance for doubtful debts</b>	<b>-</b>	<b>-</b>
<b>Net trade receivables</b>	<b>126.74</b>	<b>70.69</b>

**Breakup of security details and ageing schedule**

March 31, 2023	Rs. in millions						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed receivables - considered good	484.09	111.15	14.38	0.92	0.02	0.38	610.94
Undisputed receivables - credit impaired	-	7.87	4.33	0.80	1.00	2.01	16.01
Disputed receivables - credit impaired	-	-	-	-	-	1.07	1.07
<b>Total</b>	<b>484.09</b>	<b>119.02</b>	<b>18.71</b>	<b>1.72</b>	<b>1.02</b>	<b>3.46</b>	<b>628.02</b>
<b>Less: Loss allowance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17.08)</b>
<b>Total</b>	<b>484.09</b>	<b>119.02</b>	<b>18.71</b>	<b>1.72</b>	<b>1.02</b>	<b>3.46</b>	<b>610.94</b>



Breakup of security details and ageing schedule

March 31, 2022							Rs. in millions	
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	
Undisputed receivables - considered good	408.13	64.44	8.21	0.57	1.37	0.01	482.73	
Undisputed receivables - credit impaired		7.84	1.00	1.22	3.02	0.78	13.86	
Disputed receivables - credit impaired		-	-	-	-	1.07	1.07	
<b>Total</b>	<b>408.13</b>	<b>72.28</b>	<b>9.21</b>	<b>1.79</b>	<b>4.39</b>	<b>1.86</b>	<b>497.66</b>	
Less: Loss allowance							(14.93)	
<b>Total</b>	<b>408.13</b>	<b>72.28</b>	<b>9.21</b>	<b>1.79</b>	<b>4.39</b>	<b>1.86</b>	<b>482.73</b>	

Refer note 48 for information on trade receivables pledged as security by the company.  
The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 40.

Note 12 Cash and cash equivalents	Rs. in millions	
	March 31, 2023	March 31, 2022
Cash in hand	0.01	0.06
Balances with bank	72.88	308.55
<b>Total</b>	<b>72.89</b>	<b>308.61</b>

Refer note 48 for information on cash and cash equivalents pledged as security by the company.

Note 13 Balances other than cash and cash equivalents	Rs. in millions	
	March 31, 2023	March 31, 2022
Unsecured considered good, unless otherwise specified		
Term deposits with banks for initial maturity more than 3 months but remaining maturity of less than 12 months (Refer note below)	25.42	23.55
Interest accrued on deposits with bank	1.14	0.84
<b>Total</b>	<b>26.56</b>	<b>24.39</b>

Note: Term deposits are held as lien by bank for Non Fund Based Credit Limits (which includes Letter of Credit & Bank Guarantees) (Refer Note 48)

Note 14 Other current financial assets	Rs. in millions	
	March 31, 2023	March 31, 2022
Unsecured considered good, unless otherwise specified		
Interest accrued on deposits with others	0.02	0.02
Government grant receivables	244.90	80.92
<b>Total</b>	<b>244.92</b>	<b>80.94</b>

Note 15 Other current assets	Rs. in millions	
	March 31, 2023	March 31, 2022
Unsecured considered good, unless otherwise specified		
Advances for supply of goods and services	21.81	27.99
Balances with government authorities	526.95	423.79
Advance to employees	3.38	2.66
Prepaid expenses	16.10	16.94
<b>Total</b>	<b>568.24</b>	<b>471.38</b>





**GENNOVA BIOPHARMACEUTICALS LIMITED**  
Notes to the financial statements (continued)  
For the year ended March 31, 2023

Rs. in millions

Note 16 Share capital	March 31, 2023		March 31, 2022	
	Nos	Amount	Nos	Amount
<b>Authorised</b>				
Equity share of Rs. 10 each (March 31, 2022 : Rs. 10 each)	1,00,00,000	100.00	1,00,00,000	100.00
Optionally convertible redeemable preference shares of Rs. 10 each (March 31, 2022: Rs. 10 each)	5,50,00,000	550.00	5,50,00,000	550.00
<b>Total</b>	<b>6,50,00,000</b>	<b>650.00</b>	<b>6,50,00,000</b>	<b>650.00</b>
<b>Issued, subscribed and paid up</b>				
Equity share of Rs. 10 each (March 31, 2022 : Rs. 10 each)	55,11,365	55.11	55,11,365	55.11
<b>Total</b>	<b>55,11,365</b>	<b>55.11</b>	<b>55,11,365</b>	<b>55.11</b>

**Reconciliation of the number of the shares outstanding at the beginning and at the end of the year**

Rs. in millions

Particulars	March 31, 2023		March 31, 2022	
	Nos	Value	Nos	Value
Equity Shares outstanding at the beginning and at the end of the year	55,11,365	55.11	55,11,365	55.11

Share held by the Holding Company	No. of shares held	% of Shareholding	No. of shares held	% of Shareholding
	March 31, 2023		March 31, 2022	
<b>Equity Shares</b>				
Emcure Pharmaceuticals Limited, the Holding Company	48,47,500	87.95%	48,47,500	87.95%

Shareholders Holding shares more than 5%	No. of shares held	% of Shareholding	No. of shares held	% of Shareholding
	March 31, 2023		March 31, 2022	
<b>Equity Shares</b>				
Emcure Pharmaceuticals Limited, the Holding Company	48,47,500	87.95%	48,47,500	87.95%
Dr. Sanjay Singh	6,61,365	12.00%	6,61,365	12.00%
<b>Total</b>	<b>55,08,865</b>	<b>99.95%</b>	<b>55,08,865</b>	<b>99.95%</b>

Shares held by promoters at the end of the year	No. of shares held	% of Shareholding	No. of shares held	% of Shareholding
	March 31, 2023		March 31, 2022	
Emcure Pharmaceuticals Limited	48,47,500	87.95%	48,47,500	87.95%
<b>Total</b>	<b>48,47,500</b>	<b>87.95%</b>	<b>48,47,500</b>	<b>87.95%</b>

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Rights, preferences and restrictions attached to optionally convertible redeemable preference shares**

The Company has only one class of optionally convertible redeemable preference shares (OCRPS) having a par value of Rs.10 per share and maximum tenure of 10-12 years, convertible in the ratio of 1 equity share for every 5 OCRPS.

There are no OCRPS outstanding as at year end.



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

<b>Note 17</b> <b>Other equity</b>	Rs. in millions	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Retained earnings</b>		
Balance as at the beginning of the year	1,257.32	1,279.09
Transfer of equity component of optionally convertible redeemable preference shares redeemed during the year to retained earnings	-	118.28
Profit for the year	307.10	167.58
<b>Items of other comprehensive income recognised directly in retained earnings</b>		
Remeasurements of defined benefit plan, net of tax	0.48	(7.63)
Transferred to Capital Redemption Reserve pursuant to redemption of optionally convertible redeemable preference shares	-	(300.00)
<b>Balance as at the end of the year</b>	<b>1,564.90</b>	<b>1,257.32</b>
<b>Capital Redemption Reserve</b>		
Balance as at the beginning of the year	550.00	250.00
Additions during the year	-	300.00
<b>Balance as at the end of the year</b>	<b>550.00</b>	<b>550.00</b>
<b>Equity contribution from Holding Company</b>		
Balance as at the beginning of the year	10.54	8.59
Issue of share options of Holding Company to employees of the Company	1.49	1.95
<b>Balance as at the end of the year</b>	<b>12.03</b>	<b>10.54</b>
<b>Total</b>	<b>2,126.93</b>	<b>1,817.86</b>

**Nature and purpose of other reserves**

**Retained earnings**

Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

**Equity contribution from Holding Company**

Equity contribution from Holding Company in the nature of employee stock option issued to employees.

**Capital redemption reserve**

Capital redemption reserve has been created on redemption of optionally convertible preference shares and can be used for issuing fully paid bonus shares as per the Companies Act, 2013.



Rs. in millions

Note 18 Non-current borrowings	March 31, 2023	March 31, 2022
<b>Secured</b>		
Term loans:		
Loan from banks	399.06	214.21
Vehicle loans	6.36	8.35
<b>Total secured</b>	<b>405.42</b>	<b>222.56</b>
<b>Unsecured</b>		
Loan from others	69.03	85.40
Liability component of compound financial instrument	-	-
<b>Total unsecured</b>	<b>69.03</b>	<b>85.40</b>
Less: Current maturities of term loans (Refer note 22)	(143.45)	(45.19)
Less: Current maturities of vehicle loans (Refer note 22)	(1.75)	(2.00)
Less: Transaction cost attributable to the borrowings	(3.20)	(4.12)
<b>Total</b>	<b>326.05</b>	<b>256.65</b>

Movement of liability component of compound financial instrument	March 31, 2023	March 31, 2022
Balance as at the beginning of the period	-	249.98
Interest expense for the year	-	50.02
Redemption of preference shares during the year	-	(300.00)
<b>Total</b>	<b>-</b>	<b>-</b>

a) Statement of principal terms of secured term loans outstanding as on March 31, 2023\* :

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in millions)	Security
Term Loan	Monthly instalments starting from October 2022 and ending on September 2026 of Rs 4.46 million	MCLR + 0.50%	INR	399.06	Exclusive charge over assets created out of term loan. First pari passu charge over all the movable assets of the company to be shared with EXIM Bank
Vehicle loans	Monthly instalments starting from August 2021 and ending on July 2026	7.25%	INR	6.36	Vehicles for which loan is taken
<b>Total</b>				<b>405.42</b>	

b) Terms of repayment for unsecured borrowings outstanding as on March 31, 2023

Nature of Facility	Repayment Terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. In Millions)
Loan under New Millennium Indian Technology Leadership Initiative	10 yearly instalments starting from September 1, 2017	3%	INR	69.03
<b>Total</b>				<b>69.03</b>

a) Statement of principal terms of secured term loans outstanding as on March 31, 2022\* :

Nature of facility	Repayment terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. in millions)	Security
Term Loan	Monthly instalments starting from October 2022 and ending on September 2026 of Rs 4.46 million	MCLR + 0.65%	INR	214.21	First pari passu charge over all the movable assets of the company to be shared with EXIM Bank
Vehicle loans	Monthly installments starting from October 2017 and ending on July 2026	7.25% to 8.36%	INR	8.35	Vehicles for which loan is taken
<b>Total</b>				<b>222.56</b>	

b) Terms of repayment for unsecured borrowings outstanding as on March 31, 2022

Nature of Facility	Repayment Terms	Rate of interest % (per annum)	Currency	Amount outstanding (Rs. In Millions)
Loan under New Millennium Indian Technology Leadership Initiative	10 yearly installments starting from September 1, 2017	3%	INR	85.40
<b>Total</b>				<b>85.40</b>

\* For the assets pledged against secured borrowings, refer Note 48



Rs. in millions

Note 19 Other non-current financial liabilities	March 31, 2023	March 31, 2022
Allowance for sales returns for expired goods (refer note 24)	13.78	13.78
<b>Total</b>	<b>13.78</b>	<b>13.78</b>

Rs. in millions

Note 20 Non-current Provisions	March 31, 2023	March 31, 2022
Provision for employee benefits Provision for compensated absences	40.85	37.80
<b>Total</b>	<b>40.85</b>	<b>37.80</b>

Rs. in millions

Note 21 Other non-current liabilities	March 31, 2023	March 31, 2022
Deferred government grant (refer note 43 and 52)	162.31	158.02
<b>Total</b>	<b>162.31</b>	<b>158.02</b>

Rs. in millions

Note 22 Current borrowings	March 31, 2023	March 31, 2022
<b>Secured</b>		
Cash credit facilities repayable on demand from banks	660.63	310.62
Short term loan	-	225.00
Working capital loans from banks	779.00	455.00
Interest accrued but not due on borrowings	4.17	1.77
Less: Transaction cost attributable to the borrowings	(2.29)	(3.25)
	1,441.51	989.14
<b>Current Maturities of long term borrowings</b>		
Current maturities of vehicle loans (Refer note 18)	1.75	2.00
Current maturities of term loans (Refer note 18)	143.45	45.19
<b>Total</b>	<b>1,586.71</b>	<b>1,036.33</b>

- 1) Cash credit facilities repayable on demand from banks and carry interest in the range of 8.00% to 8.55%
- 2) Working capital loans from banks are secured by hypothecation of inventories, trade receivables and current assets.
- 3) Information about the Company's exposure to interest rate and liquidity risks is included in Note 40.
- 4) The working capital facilities are renewable within a year from date of sanction/previous renewal and carry interest in the range of 7.00% to 9.60%.

Rs. in millions

Note 23 Trade payables	March 31, 2023	March 31, 2022
Payables to related parties (refer note 44)	636.18	220.30
Total outstanding dues of micro and small enterprises (refer note 51)	9.42	33.95
Total outstanding dues of creditors other than micro & small enterprises	556.27	903.26
<b>Total</b>	<b>1,201.87</b>	<b>1,157.51</b>

- a) All trade payable are current.
- b) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 40.

Trade payable ageing as at end of reporting period is as below

March 31, 2023	Unbilled dues	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	0.01	9.41	-	-	-	9.42
Others	70.54	1,101.92	18.35	0.01	1.63	1,192.45
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>70.55</b>	<b>1,111.33</b>	<b>18.35</b>	<b>0.01</b>	<b>1.63</b>	<b>1,201.87</b>

March 31, 2022	Unbilled dues	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	0.02	33.93	-	-	-	33.95
Others	46.52	1,073.20	0.63	1.80	1.41	1,123.56
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>46.54</b>	<b>1,107.13</b>	<b>0.63</b>	<b>1.80</b>	<b>1.41</b>	<b>1,157.51</b>



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

<b>Note 24</b> <b>Other current financial liabilities</b>	Rs. in millions	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Employee benefits payable	100.36	89.28
Creditors for capital assets	26.73	63.82
Allowance for sales returns for expired goods (refer note b below)	16.04	19.04
Other liabilities (Refer note 44)	3.05	3.05
<b>Total</b>	<b>146.18</b>	<b>175.19</b>

**Note :**

a) The Company's exposure to currency and liquidity risks related to above financial liabilities is disclosed in Note 40.

b) Allowance for anticipated sales returns subsequent to sales

- Allowance has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 115 estimated by management based on past trends.

<b>Particulars</b>	Rs. in millions	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Beginning of the year	32.82	40.76
Provisions made during the year	89.70	52.49
Provisions utilised during the year	(92.70)	(60.43)
<b>At the end of the year (non-current and current)</b>	<b>29.82</b>	<b>32.82</b>

<b>Note 25</b> <b>Current provisions</b>	Rs. in millions	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Provision for employee benefits</b>		
Provision for compensated absences	12.61	8.46
Provision for gratuity (Refer Note 45)	11.55	29.16
<b>Total</b>	<b>24.16</b>	<b>37.62</b>

<b>Note 26</b> <b>Other current liabilities</b>	Rs. in millions	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Statutory dues including provident fund and tax deducted at source	23.88	21.21
Advances from customers	30.73	5.03
Deferred government grant (refer note 43 and 52)	10.32	117.82
<b>Total</b>	<b>64.93</b>	<b>144.06</b>





**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

Rs. in millions		
<b>Note 27</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Revenue from operations*</b>		
Sale of products	3,351.36	2,571.41
Sale of services	27.09	31.30
<b>Other operating revenues</b>		
Export Incentives	7.42	1.00
Scrap Sales	0.41	0.51
Government Grant (Refer Note 52)	343.87	798.20
<b>Total</b>	<b>3,730.15</b>	<b>3,402.42</b>

\*Refer note 47 for details of revenue from contract with customers.

Rs. in millions		
<b>Note 28</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Other income</b>		
Interest income under the effective interest method on:		
Interest income from banks and others	1.35	4.83
Provision written back	-	-
Miscellaneous income	9.98	6.31
Gains on foreign exchange fluctuation (net)	22.44	16.16
Profit on sale of fixed Asset	0.28	-
<b>Total</b>	<b>34.05</b>	<b>27.30</b>



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

Rs. in millions

<b>Note 29</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Cost of material consumed</b>		
<b>A: Raw material consumed</b>		
Opening inventory	604.01	77.10
Add : Purchases (net)	284.80	903.29
	888.81	980.39
Less: Closing inventory	610.31	604.01
Cost of raw materials consumed	278.50	376.38
<b>B: Packing material consumed</b>		
Opening inventory	107.30	46.20
Add : Purchases (net)	285.87	149.46
	393.17	195.66
Less: Closing inventory	203.27	107.30
Cost of packing materials consumed	189.90	88.36
<b>Total</b>	<b>468.40</b>	<b>464.74</b>

Rs. in millions

<b>Note 30</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Changes in inventory of finished goods, work-in-progress and traded goods</b>		
<b>Opening inventory</b>		
Finished goods	136.28	105.41
Work-in-process	314.47	80.28
Traded goods	77.95	76.25
	528.70	261.94
<b>Less: Closing inventory</b>		
Finished goods	115.25	136.28
Work-in-process	295.16	314.47
Traded goods	47.34	77.95
	457.75	528.70
<b>Increase in inventories of finished goods, work-in-progress and traded goods</b>	<b>70.95</b>	<b>(266.76)</b>

Rs. in millions

<b>Note 31</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Employee benefit expenses</b>		
Salaries, wages and bonus	513.99	482.70
Contribution to provident and other funds (refer note 45)	32.38	28.81
Employee share-based payment expenses (refer note 46)	1.49	1.95
Gratuity (refer note 45)	14.02	10.07
Staff welfare expenses	43.44	23.11
<b>Total</b>	<b>605.32</b>	<b>546.64</b>



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

Rs. in millions

<b>Note 32</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Other expenses</b>			
Processing charges		40.13	78.69
Factory consumables		480.38	685.38
Power and fuel		168.47	134.84
Insurance		25.49	15.60
Repairs and maintenance		71.15	46.28
Rates and taxes		11.46	4.40
Freight and forwarding expenses		38.29	27.66
Advertisement & promotional materials		61.67	28.12
Travelling, conveyance and vehicle expenses		44.59	28.68
Commission on sales		47.59	33.68
Printing, stationery, postage and telephone expenses		6.43	3.34
Legal and professional fees		150.17	75.76
Expenditure on Corporate social responsibility (refer note 54)		10.25	10.01
Contractual Services		48.52	36.87
Payment to auditors (refer note below)		0.91	0.96
Commission to non-executive directors		3.05	3.05
Directors sitting fees		0.56	0.45
Provision for doubtful debts		2.15	2.06
Loss on sale of property, plant and equipment		-	5.21
Bad debts written off		4.42	0.42
Clinical Trials		154.68	422.30
Miscellaneous expenses		19.99	51.73
<b>Total</b>		<b>1,390.35</b>	<b>1,695.49</b>

**Note : Payment to auditors**

<b>Particulars</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Audit fees	0.86	0.86
Other services	-	0.07
Out of pocket expenses	0.05	0.03
<b>Total</b>	<b>0.91</b>	<b>0.96</b>

<b>Note 33</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Depreciation and amortization expense</b>			
Depreciation on property, plant and equipment		171.75	136.53
Amortisation of intangible asset		3.93	3.19
Depreciation on right-of-use assets		176.35	137.16
<b>Total</b>		<b>352.03</b>	<b>276.88</b>

<b>Note 34</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Finance cost</b>			
<b>Interest and finance charges on financial liabilities not at fair value through profit or loss</b>			
Interest on long-term borrowings measured at amortised cost		0.54	5.81
Interest on short-term borrowings measured at amortised cost		108.04	41.16
Other borrowing costs		36.96	27.71
Interest Accrued On Lease Liability		56.15	44.63
Interest on liability component of compound financial instrument (refer note 18)		-	50.02
Interest on shortfall of advance tax		5.44	0.90
<b>Total</b>		<b>207.13</b>	<b>170.23</b>



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
Notes to the financial statements (continued)  
For the year ended March 31, 2023

Rs. in millions

<b>Note 35</b>		
<b>Tax expenses</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Current tax expenses</b>		
Current tax on profits for the year	84.39	42.85
Change in estimate related to prior year taxes	(0.49)	4.19
<b>Total current tax expense</b>	<b>83.90</b>	<b>47.04</b>
<b>Deferred tax</b>		
Originating and reversal of temporary differences	46.67	35.82
Change in estimate related to prior years	(5.98)	2.60
<b>Total deferred tax expense/(benefit)</b>	<b>40.69</b>	<b>38.42</b>
<b>Total tax expenses</b>	<b>124.59</b>	<b>85.46</b>

Rs. in millions

<b>Tax income/(expenses) recognised in OCI</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Remeasurements of post-employment benefit obligations	(0.20)	3.13
<b>Total tax expense</b>	<b>(0.20)</b>	<b>3.13</b>

Rs. in millions

<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax</b>	<b>March 31, 2023</b>		<b>March 31, 2022</b>	
Profit before income tax		431.69		253.04
Tax using Company's domestic tax rate of 29.12% (March 31, 2022 : 29.12%)	29.12%	125.71	29.12%	73.69
<i>Tax effect of amounts which are not deductible / (taxable) in calculating taxable</i>				
Non deductible expenses	1.24%	5.34	1.97%	4.98
Change in recognised deductible temporary difference	-1.38%	(5.97)	1.66%	4.19
Change in estimate related to prior years	-0.11%	(0.49)	1.03%	2.60
<b>Effective tax rate</b>	<b>28.87%</b>	<b>124.59</b>	<b>33.78%</b>	<b>85.46</b>



Rs. in millions		
Note 36 Deferred tax assets (net)	March 31, 2023	March 31, 2022
<b>Deferred tax assets on</b>		
Allowance for doubtful debts - trade receivables	4.97	4.34
Provision - employee benefit	18.95	22.23
Minimum alternate tax credit entitlement	171.93	178.38
Security deposits	5.44	5.88
Lease Liability	161.07	191.83
Deferred government grant	17.06	47.11
<b>Total deferred tax assets</b>	<b>379.42</b>	<b>449.77</b>
<b>Deferred tax liabilities on</b>		
Property, plant and equipment	141.50	128.92
Intangible assets	1.16	1.76
Borrowings	1.35	1.95
Right to use asset	146.27	180.66
<b>Total deferred tax liabilities</b>	<b>290.28</b>	<b>313.29</b>
<b>Deferred tax assets - net</b>	<b>89.14</b>	<b>136.48</b>

#### Significant estimates

In assessing the realisability of the minimum alternate tax (MAT) credit entitlements, management has assessed the utilisation of the MAT credit entitlement. The ultimate utilisation of the MAT credit is dependent upon the generation of future taxable income greater than the book profit computed as per the provisions of Income Tax Act, 1961, before expiry of the credit period over which the MAT credit can be utilised. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making the assessment. Based on the historical details of the taxable income, book profit and projections of future taxable income over the periods in which the MAT credit is available, management believes that the Company will be able to realise / utilise the MAT credit. The amount of the MAT credit is considered realisable as at the reporting date, however, the utilisation could be reduced in the near term if the future taxable income undergoes any change as compared to the estimates made by the management as at reporting date.

Rs. in millions							
Movement of deferred tax assets / liabilities	Balance of deferred tax asset as at April 1, 2022	Balance of deferred tax liability as at April 1, 2022	Transferred to statement of profit and loss	Transferred to other comprehensive income	MAT credit utilised	Balance of deferred tax asset as at March 31, 2023	Balance of Deferred tax liability as at March 31, 2023
Allowance for doubtful debts - trade receivables	4.34	-	0.63	-	-	4.97	-
Provision - employee benefit	22.23	-	(3.08)	(0.20)	-	18.95	-
Minimum alternate tax credit entitlement	178.38	-	-	-	(6.45)	171.93	-
Intangible assets	-	(1.76)	0.60	-	-	-	(1.16)
Lease Liability	191.83	-	(30.76)	-	-	161.07	-
Property, plant and equipment	-	(128.92)	(12.58)	-	-	-	(141.50)
Deferred government grant	47.11	-	(30.05)	-	-	17.06	-
Security deposits	5.88	-	(0.44)	-	-	5.44	-
Fair valuation of preference shares	-	-	-	-	-	-	-
Borrowings	-	(1.95)	0.60	-	-	-	(1.35)
Right to use asset	-	(180.66)	34.39	-	-	-	(146.27)
<b>Total</b>	<b>449.77</b>	<b>(313.29)</b>	<b>(40.69)</b>	<b>(0.20)</b>	<b>(6.45)</b>	<b>379.42</b>	<b>(290.28)</b>

Rs. in millions							
Movement of deferred tax assets / liabilities	Balance of deferred tax asset as at April 1, 2021	Balance of deferred tax liability as at April 1, 2021	Transferred to statement of profit and loss	Transferred to other comprehensive income	MAT credit utilised	Balance of deferred tax asset as at March 31, 2022	Balance of Deferred tax liability as at March 31, 2022
Allowance for doubtful debts - trade receivables	3.75	-	0.59	-	-	4.34	-
Provision - employee benefit	11.88	-	7.21	3.13	-	22.23	-
Unabsorbed depreciation and tax losses	-	-	-	-	-	-	-
Minimum alternate tax credit entitlement	156.95	-	25.62	-	(4.19)	178.38	-
Intangible assets	-	(0.89)	(0.87)	-	-	-	(1.76)
Lease Liability	56.57	-	135.26	-	-	191.83	-
Property, plant and equipment	-	(59.10)	(69.82)	-	-	-	(128.92)
Deferred government grant	71.56	-	(24.45)	-	-	47.11	-
Security deposits	3.74	-	2.14	-	-	5.88	-
Fair valuation of preference shares	-	(14.57)	14.57	-	-	-	0.00
Borrowings	-	(2.30)	0.35	-	-	-	(1.95)
Right to use asset	-	(51.64)	(129.02)	-	-	-	(180.66)
<b>Total</b>	<b>304.45</b>	<b>(128.50)</b>	<b>(38.42)</b>	<b>3.13</b>	<b>(4.19)</b>	<b>449.77</b>	<b>(313.29)</b>

Rs. in millions		
Note 37 Current tax assets/(liabilities) - (net)	March 31, 2023	March 31, 2022
Current tax assets (net of provision)	0.10	-
Current tax liabilities (net of advance tax)	(53.38)	(22.31)
<b>Total (net of advance tax)</b>	<b>(53.28)</b>	<b>(22.31)</b>





**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 38 : Earnings per share**

Particulars	March 31, 2023	March 31, 2022
<b>Basic earnings per share</b>		
A. Profit after tax attributable to equity shareholders (Rs. in millions)	307.10	167.58
B. Weighted average number of equity shares	55,11,365	55,11,365
<b>Basis earning per share (Rs.) (A/B)</b>	<b>55.72</b>	<b>30.41</b>
<b>Diluted earnings per share</b>		
C. Adjusted net profit for the year (Rs. in millions)	307.10	167.58
Weighted average number of shares outstanding	55,11,365	55,11,365
D. Weighted average number of equity share (diluted) for the year	55,11,365	55,11,365
<b>Diluted earnings per share ( Rs. ) ( C/D )</b>	<b>55.72</b>	<b>30.41</b>
<b>Face value per share (Rs.)</b>	<b>10.00</b>	<b>10.00</b>



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 39 : Capital management**

The Company's objectives when managing capital are to

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholder's and benefits for other stakeholder's, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder's, return capital to shareholder's or issue new shares.

Generally consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalent's)  
 divided by  
 Total equity (as shown in the balance sheet).

The Company's strategy is to maintain a gearing ratio less than 1.75x. The gearing ratio at year end is as follows:

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Net Debt	1,839.87	984.37
Equity attributable to owners of Genova Biopharmaceuticals Limited	2,182.04	1,872.97
Net Debt to Equity ratio	0.84	0.53

**Note 40 : Financial risk management**

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company's risk management is carried out by central treasury department in under guidance of the board of directors and the core management team of the Company, and it focuses on actively ensuring the minimal impact of Company's financial position.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.)	Cash flow forecasting Sensitivity analysis	Effective management of foreign exchange outflow and inflow
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Ongoing review of existing borrowing rates and seeking for new facilities at lower rate

**A) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other financial assets. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents, inter corporate loans and deposits.

Further, the Company also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Company depending on the diversity of its asset base, uses appropriate groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Company limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Company considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Company has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance sheet.



Note 40 : Financial risk management (continued)

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice significant domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure except for receivables from government agencies and related parties. However, the Company does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Further, majority of the receivables pertains to receivables from Subsidiaries, wherein the concentration of credit risk is considered to be low. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Company uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2023:

Expected credit loss for trade receivables under simplified approach

Ageing	Not Due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 361 days past dues	Rs. in million
							Total
Gross carrying amount	484.09	91.42	27.83	16.57	2.05	6.06	628.02
Expected loss rate (includes interest as well as credit loss)	-1.14%	-1.66%	-2.87%	-21.73%	-36.10%	-80.53%	-2.72%
Expected credit losses (loss allowance provision)	(5.54)	(1.52)	(0.80)	(3.60)	(0.74)	(4.88)	(17.08)
<b>Carrying amount of trade receivables (net of loss allowance)</b>	<b>478.55</b>	<b>89.90</b>	<b>27.03</b>	<b>12.97</b>	<b>1.31</b>	<b>1.18</b>	<b>610.94</b>

Year ended March 31, 2022:

Expected credit loss for trade receivables under simplified approach

Ageing	Not Due	0-90 days past dues	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 361 days past dues	Rs. in million
							Total
Gross carrying amount	408.13	60.37	17.28	2.55	1.29	8.04	497.66
Expected loss rate (includes interest as well as credit loss)	-1.21%	-3.05%	-6.25%	-21.57%	-34.11%	-75.87%	-3.00%
Expected credit losses (loss allowance provision)	(4.92)	(1.84)	(1.08)	(0.55)	(0.44)	(6.10)	(14.93)
<b>Carrying amount of trade receivables (net of loss allowance)</b>	<b>403.21</b>	<b>58.53</b>	<b>16.20</b>	<b>2.00</b>	<b>0.85</b>	<b>1.94</b>	<b>482.73</b>

During the period, the Company made write-offs of trade receivables amounting to Rs. 4.42 millions (March 31, 2022 : Rs. 0.42 millions). There are no financial assets which have been written off during the year which are subject to enforcement activity.

Reconciliation of loss allowance provision — Trade receivables

Particulars	Rs. in millions
<b>Loss allowance on April 1, 2021</b>	<b>12.87</b>
Amounts written off	(0.42)
Net remeasurement of loss allowances	2.48
<b>Loss allowance on March 31, 2022</b>	<b>14.93</b>
Amounts written off	(4.42)
Net remeasurement of loss allowances	6.57
<b>Loss allowance on March 31, 2023</b>	<b>17.08</b>

Cash and cash equivalents and deposits with banks:

With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the banks with very high credit worthiness.



Note 40 : Financial risk management (continued)

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, Company maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Company manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Company maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to Short-term liquidity needs is additionally secured by committed credit facilities of Rs. 1,550 million.

i) Financing arrangements

The Company has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

				Rs. in millions
Contractual maturities of financial liabilities	within 1 year	1 to 2 years	More than 2 years	Total
<b>March 31, 2023</b>				
Trade payable	1,181.88	18.35	1.64	1,201.87
Short term borrowings	1,441.51	-	-	1,441.51
Long term Borrowings	142.55	143.03	185.67	471.25
Lease Liabilities	207.19	200.36	239.32	646.87
Other financial liabilities	134.31	-	-	134.31
<b>Total</b>	<b>3,107.44</b>	<b>361.74</b>	<b>426.63</b>	<b>3,895.81</b>
<b>March 31, 2022</b>				
Trade payable	1,153.67	0.63	3.21	1,157.51
Short term borrowings	990.62	-	-	990.62
Long term Borrowings	47.19	63.65	193.00	303.84
Lease Liabilities	196.92	196.87	402.35	796.14
Other financial liabilities	188.97	-	-	188.97
<b>Total</b>	<b>2,577.37</b>	<b>261.15</b>	<b>598.56</b>	<b>3,437.08</b>



Note 40 : Financial risk management (continued)

C) Market risk

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

i) Foreign currency risk

The Company operates majorly in local currency wherein majority of its purchases and sales & services are done in local currencies with minimal exposure to foreign currency risk. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

Foreign currency risk exposure:

Particulars	Currency	Rs. in million			
		March 31, 2023		March 31, 2022	
		Foreign Currency	Local Currency	Foreign Currency	Local Currency
<b>Financial assets</b>					
Trade receivables	USD	2.41	197.87	2.73	207.02
	Euro	0.64	56.78	0.00	0.07
	RMB	-	-	2.21	26.31
<b>Net exposure to foreign currency risk (assets)</b>			<b>254.65</b>		<b>233.40</b>
<b>Financial liabilities</b>					
Trade Payable	Euro	0.15	13.08	0.38	32.10
	AUD	0.00	0.04	-	-
	SGD	0.03	1.88	-	-
	USD	1.10	90.03	5.12	388.23
	GBP	0.04	3.84	0.00	0.11
<b>Net exposure to foreign currency risk (liabilities)</b>			<b>108.87</b>		<b>420.44</b>

Sensitivity analysis:

Particulars	Rs. in million	
	Impact on profit before tax (Income)/Expense	
	March 31, 2023	March 31, 2022
<b>USD sensitivity</b>		
Rs./USD-Increase by 4% (March 31, 2022 -4%)*	4.31	(7.25)
Rs./USD-Decrease by 4% (March 31, 2022 -4%)*	(4.31)	7.25

\* Holding all other variables constant

ii) Interest rate risk exposure

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to interest rate risk. During March 31, 2023 and March 31, 2022, the Company's borrowings at variable rate were in INR.

a) Interest rate risk exposure

The Company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

As a part of Company's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps, contracts to hedge foreign currency risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the secured borrowings are at floating rate. Refer note 18.

b) Sensitivity:

The Company's policy is to minimize interest rate cash flow risk exposures on borrowing. The local currency loans are linked to Bank Base Rate/ Marginal Cost of Funds Based Lending (MCLR).

Particulars	Rs. in million	
	Impact on profit before tax (Income)/Expense	
	March 31, 2023	March 31, 2022
Interest rates — increase by 25 basis points (25 bps) **	(4.79)	(3.24)
Interest rates — decrease by 25 basis points (25 bps) **	4.79	3.24

\*\* Holding all other variables constant

Further, there are certain Rupee loans which have fixed interest rates, accordingly, interest sensitivity is not carried on these loans.

The bank deposits are placed on fixed rate of interest of approximately 2.75% to 7% (March 31, 2022: 2.5% to 7%). As the interest rate does not vary unless such deposits are withdrawn and renewed, sensitivity analysis is not performed.





**GENNOVA BIOPHARMACEUTICALS LIMITED**  
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For the year ended March 31, 2023

**Note 41 : Fair value measurements**

**Accounting classifications and fair value**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Particulars	March 31, 2023				Rs. in millions			
	FVTPL	Carrying amounts valued at		Total	Fair value			Total
		Amortised Cost	Cost		Level 1	Level 2	Level 3	
<b>Financial assets not measured at fair value*</b>								
Trade receivables	-	610.94	-	610.94	-	-	-	-
Cash and cash equivalents	-	72.89	-	72.89	-	-	-	-
Term deposits with banks	-	28.24	-	28.24	-	-	-	-
Other financial assets	-	244.92	-	244.92	-	-	-	-
Security deposit	-	85.97	-	85.97	-	-	-	-
<b>Total financial assets</b>	-	<b>1,042.96</b>	-	<b>1,042.96</b>	-	-	-	-
<b>Financial liabilities not measured at fair value*</b>								
Non current borrowings (including current maturities)	-	471.25	-	471.25	-	-	-	-
Current borrowings	-	1,441.51	-	1,441.51	-	-	-	-
Trade payables	-	1,201.87	-	1,201.87	-	-	-	-
Creditors for capital assets	-	26.73	-	26.73	-	-	-	-
Lease Liabilities	-	553.14	-	553.14	-	-	-	-
Other financial liabilities	-	133.23	-	133.23	-	-	-	-
<b>Total financial liabilities</b>	-	<b>3,827.73</b>	-	<b>3,827.73</b>	-	-	-	-

Particulars	March 31, 2022				Rs. in millions			
	FVTPL	Carrying amounts valued at		Total	Fair value			Total
		Amortised Cost	Cost		Level 1	Level 2	Level 3	
<b>Financial assets not measured at fair value*</b>								
Trade receivables	-	482.73	-	482.73	-	-	-	-
Cash and cash equivalents	-	308.61	-	308.61	-	-	-	-
Term deposits with banks	-	25.81	-	25.81	-	-	-	-
Other financial assets	-	80.94	-	80.94	-	-	-	-
Security deposit	-	77.94	-	77.94	-	-	-	-
<b>Total financial assets</b>	-	<b>976.03</b>	-	<b>976.03</b>	-	-	-	-
<b>Financial liabilities not measured at fair value*</b>								
Non current borrowings (including current maturities)	-	303.84	-	303.84	-	-	-	-
Current borrowings	-	989.14	-	989.14	-	-	-	-
Trade payables	-	1,157.51	-	1,157.51	-	-	-	-
Creditors for capital assets	-	63.82	-	63.82	-	-	-	-
Lease Liabilities	-	658.74	-	658.74	-	-	-	-
Other financial liabilities	-	125.15	-	125.15	-	-	-	-
<b>Total financial liabilities</b>	-	<b>3,298.20</b>	-	<b>3,298.20</b>	-	-	-	-

\* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, security deposit, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

There are no transfers between any levels during the year.



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 42 : Contingent liabilities**

**Claims against the Company not acknowledged as debts as at year end**

Sr. No.	Particulars	Rs. in millions	
		March 31, 2023	March 31, 2022
a)	Sales Tax	-	2.04
b)	Goods & Services Tax	0.70	-
c)	Income Tax (Refer note 4)	49.71	-

1) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.

2) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have any effect on its financial position.

3) There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has also obtained a legal opinion on the matter and basis the same there is no material impact on the financial statements as at 31 March 2023. The Company would record any further effect on its financial statements, on receiving additional clarity on the subject.

4) A Search and Seizure Operation ('the Operation') was conducted by the Income Tax Department under section 132 of the Income-tax Act, 1961 during the month of December 2020. The Company has received orders u/s 153A for certain assessment years and has filed appeal with CIT(A) against the said orders. The matters involved in the tax proceedings pursuant to the operation are normal tax matters in respect of certain deductions and allowances. The Company has reviewed the status of litigation proceedings as on 31st March 2023 and the ultimate outcome of above proceedings will not have any significant impact on the Company's financial position.

**Note 43 : Capital and other commitments**

**A) Capital commitment**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 93.32 millions (March 31, 2022 : Rs. 309.15 millions).

**B) Other commitments**

The Company has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly has an export obligation of Rs.284.34 millions (March 31, 2022 : Rs. 268.44 millions ). In this respect the Company has given bank guarantees of Rs. 3.87 millions (March 31, 2022 : Rs. 3.87 millions) to the Director General of Foreign Trade (DGFT) and Bond of Rs. 237.40 millions (March 31, 2022 : Rs. 165.40 millions) to the Commissioner of Customs.

Year of issue	Export obligation to be fulfilled	Unfulfilled export obligation			
		As at March 31, 2023		As at March 31, 2022	
		USD millions	Rs. millions	USD millions	Rs. millions
2020-2021	2026-2027	-	-	0.33	25.18
2021-2022	2027-2028	1.23	100.69	3.21	243.26
2022-2023	2028-2029	2.24	183.65	-	-
		<b>3.47</b>	<b>284.34</b>	<b>3.54</b>	<b>268.44</b>



Note 44 : Related party disclosure

i) Related parties with whom there were transactions during the year and nature of relationship

**Holding Company**

Emcure Pharmaceuticals Limited

**Fellow Subsidiary**

Zuventus Healthcare Limited  
Emcure Pharmaceuticals Mena FZ-LLC  
Lazor Pharmaceuticals Limited  
Emcure Pharma Peru S.A.C

**Key Management Personnel**

**Executive Directors**

Dr. Sanjay Singh  
Mr. Samit Mehta

**Non - Executive Directors**

Mr. Satish Mehta  
Mr. Sunil Mehta  
Mr. Shreekant Bapat (Upto July 27, 2021)  
Dr. Gyan Chandra Mishra  
Mr. Hitesh Jain  
Dr. Shailesh Ayyangar (from July 26, 2021)  
Dr. Kavita Singh (from January 24, 2023)

**Enterprise over which Key Management Personnel have control:**

H.M. Sales Corporation  
Parinam Law Associates

**Relative of Key Management Personnel**

Mr. Rutav Mehta

ii) Transactions with related parties:

Rs. in millions

Sr. No.	Description of the nature of transaction / balance	Transaction value during		Balance outstanding as at			
		2022-23	2021-22	March 31, 2023		March 31, 2022	
				Receivable / (Advance from customer)	Payable / (Advance to supplier)	Receivable / Advance from customer	Payable / Advance to supplier
1)	<b>Sale of goods &amp; services</b>						
	Emcure Pharmaceuticals Limited	152.36	38.08	0.04	-	-	-
	Zuventus Healthcare Limited	31.75	22.64	-	-	-	-
	Emcure Pharmaceuticals Mena FZ-LLC	148.28	96.57	73.02	-	70.68	-
	Emcure Pharma Peru S.A.C.	3.46	-	-	-	-	-
	Lazor Pharmaceuticals Limited	57.22	-	53.67	-	-	-
	H.M. Sales Corporation	0.05	0.17	0.00	-	0.00	-
2)	<b>Sale of Assets</b>						
	Emcure Pharmaceuticals Limited	5.72	-	0.29	-	-	-
3)	<b>Purchase of goods</b>						
	Emcure Pharmaceuticals Limited	231.67	284.91	-	260.34	-	119.60
4)	<b>Purchase of assets</b>						
	Emcure Pharmaceuticals Limited	0.00	145.34	-	0.01	-	-
5)	<b>Security deposit given</b>						
	Emcure Pharmaceuticals Limited	-	36.72	50.01	-	41.21	-
6)	<b>Expenses paid</b>						
	Emcure Pharmaceuticals Limited	45.28	39.75	-	50.67	-	21.42
	H.M. Sales Corporation	3.15	3.37	-	0.76	-	0.52
	Parinam Law Associates	7.96	-	-	-	-	-
7)	<b>Rent paid</b>						
	Emcure Pharmaceuticals Limited	154.05	92.86	-	155.68	-	37.13
8)	<b>Lab Services Charges</b>						
	Emcure Pharmaceuticals Limited	0.06	0.06	-	0.06	-	0.01
9)	<b>Reimbursement of expenses made</b>						
	Emcure Pharmaceuticals Limited	145.20	55.17	-	152.40	-	34.11



Note 44 : Related party disclosure (continued)

Rs. in millions

Sr. No.	Description of the nature	Transaction value during		Balance outstanding as at			
		2022-23	2021-22	March 31, 2023		March 31, 2022	
				Receivable / (Advance from customer)	Payable / (Advance to supplier)	Receivable / Advance from customer	Payable / Advance to supplier
10)	<b>Corporate guarantee fee paid</b> Emcure Pharmaceuticals Limited	15.07	8.26	-	16.27	-	7.50
11)	<b>Issue of share options</b> Emcure Pharmaceuticals Limited	1.49	1.95	12.03	-	10.54	-
12)	<b>Advance for Goods and Services</b> Emcure Pharmaceuticals Limited	-	-	(22.97)	-	-	-
13)	<b>Interest expense on debt component of compound financial instrument</b> Zuventus Healthcare Limited	-	50.02	-	-	-	-
14)	<b>Redemption of Preference Shares</b> Zuventus Healthcare Limited	-	300.00	-	-	-	-
15)	<b>Amortisation of deferred rent</b> Emcure Pharmaceuticals Limited	3.47	2.45	11.39	-	10.27	-
16)	<b>Unwinding of security deposit</b> Emcure Pharmaceuticals Limited	3.12	2.73	-	-	-	-
17)	<b>Remuneration paid</b> Key Managerial Personnel Dr. Sanjay Singh Mr. Samit Mehta	75.35 13.31	69.46 12.10	- -	14.52 1.65	- -	13.53 1.66
18)	<b>Remuneration paid</b> Relatives of Key Management Personnel Mr. Rutav Mehta	2.63	-	-	0.19	-	-
19)	<b>Post-employment obligations</b> Key Managerial Personnel Dr. Sanjay Singh	2.49	2.90	-	20.18	-	17.69
20)	<b>Compensated absences provisions</b> Key Managerial Personnel Dr. Sanjay Singh	0.19	0.41	-	6.53	-	6.34
21)	<b>Commission paid - Non-executive Directors</b> Dr. Shailesh Ayyangar Dr. Gyan Chandra Mishra Mr. Hitesh Jain	2.00 0.75 0.30	2.00 0.75 0.30	- - -	2.00 0.75 0.30	- - -	2.00 0.75 0.30
22)	<b>Sitting fees - Non-executive Directors</b> Mr. Shreekant Bapat Dr. Gyan Chandra Mishra Mr. Hitesh Jain Dr. Shailesh Ayyangar	- 0.22 0.26 0.08	0.09 0.12 0.18 0.06	- - - -	- - - -	- - - -	- - - -

Notes:

- All transactions with the related parties are priced on an arm's length basis.
- 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.



Note 45 : Assets and liabilities relating to employee benefits

a) **Defined contribution plans**

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Contributions are made to employees family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation.

Defined contribution plans: The Company has recognised the following amount in the Statement of Profit and Loss for the year

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Contribution to employees provident fund	19.51	17.01
Contribution to employees family pension fund	6.39	6.26
Other defined contribution plan	6.48	5.54
<b>Total</b>	<b>32.38</b>	<b>28.81</b>

b) **Post-employment obligations**

**Gratuity**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to fund managed by Life Insurance Corporation of India. Contributions are made as per the demands by Life Insurance Corporation of India.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, etc.

c) **Defined benefit plans**

The amounts recognised in the balance sheet and the movements in the net defined benefit plan over the year are as follows:

Particulars	Rs. in millions		
	Present value of obligation	Fair value of plan assets	Total
<b>As at April 1, 2021</b>	<b>65.87</b>	<b>(57.26)</b>	<b>8.63</b>
Current service cost	8.22	-	8.22
Interest expenses/(income)	5.21	(4.60)	0.61
Impact of Transfer (in) / out	21.54	(20.59)	0.95
Mortality charges and taxes	-	0.29	0.29
<b>Total amount recognised in profit or loss</b>	<b>34.97</b>	<b>(24.90)</b>	<b>10.07</b>
<b>Remeasurements</b>			
<b>Return on plan assets, excluding amounts included in interest expense/(income)</b>			
Actuarial (gain)/ losses - experience	-	0.92	0.92
Actuarial (gain)/ losses - financial assumptions	-	(0.11)	(0.11)
<b>Defined benefit obligations</b>			
Experience (gains)/losses	6.02	-	6.02
(Gain)/loss from change in financial assumptions	3.93	-	3.93
<b>Total amount recognised in other comprehensive income</b>	<b>9.95</b>	<b>0.81</b>	<b>10.76</b>
Employer contribution	-	(0.30)	(0.30)
Benefit payments	(6.26)	6.26	-
<b>As at March 31, 2022</b>	<b>104.53</b>	<b>(75.39)</b>	<b>29.16</b>
Current service cost	15.31	-	15.31
Interest expenses/(income)	7.07	(6.22)	0.85
Impact of Transfer (in) / out	(0.20)	(2.20)	(2.40)
Mortality charges and taxes	-	0.26	0.26
<b>Total amount recognised in profit or loss</b>	<b>22.18</b>	<b>(8.16)</b>	<b>14.02</b>
<b>Remeasurements</b>			
<b>Return on plan assets, excluding amounts included in interest expense/(income)</b>			
Actuarial (gain)/ losses - experience	-	(0.19)	(0.19)
Actuarial (gain)/ losses - financial assumptions	-	(0.27)	(0.27)
<b>Defined benefit obligations</b>			
Experience (gains)/losses	4.38	-	4.38
(Gain)/loss from change in demographic assumptions	0.55	-	0.55
(Gain)/loss from change in financial assumptions	(5.15)	-	(5.15)
<b>Total amount recognised in other comprehensive income</b>	<b>(0.22)</b>	<b>(0.46)</b>	<b>(0.68)</b>
Employer contribution	-	(30.95)	(30.95)
Benefit payments	(4.02)	4.02	-
<b>As at March 31, 2023</b>	<b>122.47</b>	<b>(110.92)</b>	<b>11.55</b>





**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 45 : Assets and liabilities relating to employee benefits (Continued)**

**d) The net liability disclosed above relates to funded and unfunded plans are as follows:**

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Present value of obligation	122.47	104.53
Fair value of plan assets	(110.92)	(75.39)
Deficit of funded plan	11.55	29.14

The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans as per the demand from Life Insurance Corporation of India.

**Principle actuarial assumptions as at the reporting date**

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.50%	6.90%
Expected rate of return on plan assets	6.90%	6.60%
Salary escalation rate	9.00%	9.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

e) Sensitivity analysis: Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, Holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Particulars	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	1.0%	1.0%	(7.79)	(6.93)	8.81	7.86
Salary escalation rate	1.0%	1.0%	7.41	6.60	(6.69)	(5.96)
Withdrawal rate	1.0%	1.0%	(0.79)	(0.92)	0.86	1.01

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in the domicile country of the Company.

**f) Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed

- i) Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.
- ii) Changes in bond yields: A decrease in bond yields will increase plan liabilities.
- iii) Future salary escalation and inflation risk : Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence Company is encouraged to adopt asset-liability management. The Company's assets are maintained in a trust fund managed by public sector Insurance Company via, LIC of India, LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.



**Note 45 : Assets and liabilities relating to employee benefits (Continued)**

**g) Defined benefit liability and employer contributions**

The Company has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Company makes contribution as per the instructions received from LIC. The Company compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Company considers the future expected contribution will not be significantly increased as compared to actual contribution.

The company has contributed Rs. 30.95 millions for the year ending March 31, 2023. (March 31, 2022 is Rs.0.30 millions.). The company intends to contribute Rs. 11.50 millions for the year ending March 31, 2024. (March 31, 2023 is Rs.29.20 millions.)

The weighted average duration is 9.82 years (March 31, 2022 : 10.25 years). The following benefits payments, for each of the next five years and the aggregate five years thereafter, are expected to be paid:

Particulars	Rs. in millions				
	Less than 1 year	between 1-2 years	between 2-5 years	over 5 years	Total
March 31, 2023	12.82	32.62	38.60	93.72	177.76
March 31, 2022	9.87	11.74	52.10	79.89	153.60

**h) Major categories of plan assets are as follows :**

Particulars	Rs. in millions			
	Unquoted			
	March 31, 2023		March 31, 2022	
Investment funds				
Insurance funds (LIC pension and group schemes fund)	110.92	100%	75.39	100%
<b>Total</b>	<b>110.92</b>	<b>100%</b>	<b>75.39</b>	<b>100%</b>

The category wise details of the plan assets is not available as it's maintained by LIC.



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
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**For the year ended March 31, 2023**

**Note 46 : Employees stock option plan**

Share-based compensation benefits are provided to employees via the Holding Company's Employees Stock Option Plan ("Emcure ESOS 2013"). These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

In the given case all options are issued by the Holding Company. The Company does not have an obligation to settle these share based payment transactions, therefore these options are treated as equity settled transactions. Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO) of the Holding Company. The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant, Remuneration committee of the Holding Company at its sole discretion, subject to prior approval of the Holding Company's shareholders' can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. Expense is recognised over the vesting period with corresponding increase in other equity.

Summary of options granted under the plan:

Particulars	Tranche - 1			
	Exercise Price*	Revised Exercise Price#	March 31, 2023	March 31, 2022
Date of grant	October 01, 2013			
Opening balance	221	165	30,000	90,000
Grant during the year	221	165	-	-
Adjustment for bonus Issue*	221	165	-	-
Cancelled/transferred during the year	221	165	-	(60,000)
Exercised during the year	221	165	-	-
<b>Closing balance</b>	<b>221</b>	<b>165</b>	<b>30,000</b>	<b>30,000</b>
Exercisable	-	-	-	-

Particulars	Tranche - 7			
	Exercise Price*	Revised Exercise Price#	March 31, 2023	March 31, 2022
Date of grant	June 06, 2019			
Opening balance	522	466	19,978	19,978
Grant during the year	522	466	-	-
<b>Closing balance</b>	<b>522</b>	<b>466</b>	<b>19,978</b>	<b>19,978</b>
Exercisable	-	-	-	-

Particulars	Tranche - 12			
	Exercise Price*	Revised Exercise Price#	March 31, 2023	March 31, 2022
Date of grant	May 27, 2021			
Opening balance	918	862	20,000	-
Grant during the year	918	862	-	20,000
<b>Closing balance</b>	<b>918</b>	<b>862</b>	<b>20,000</b>	<b>20,000</b>
Exercisable	-	-	-	-

\*During the year ended March 31, 2016, the Holding Company had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 has approved the adjustments to options granted.

# Pursuant to Composite scheme of arrangement for the Holding Company, the exercise price of ESOP's outstanding was revised. The fair value of such options post modification of exercise price is lower than fair valuation of options before modification.

No options expired during the periods covered in the above table.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Revised Exercise Share option price (Rs.) March 31, 2023	Number of share options March 31, 2023	Revised Exercise Share option price (Rs.) March 31, 2022	Number of share options March 31, 2022
October 1, 2013	165	30,000	221	30,000
June 06, 2019	466	19,978	522	19,978
May 27, 2021	862	20,000	-	-
Weighted average remaining contractual life of options	5.89 Years		7.17 Years	

Expenses recognised in statement of profit and loss:

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Employee share-based payment	1.49	1.95

**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 47 : Revenue from contract with customer**

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Revenue recognised from contracts with customers	3,730.15	3,402.42
<b>Disaggregation of revenue</b>		
Sale of products	3,351.36	2,571.41
Sale of services	27.09	31.30
Other operating revenue	351.70	799.71
<b>Total</b>	<b>3,730.15</b>	<b>3,402.42</b>
<b>Based on markets</b>		
Within India	3,080.81	3,045.04
<b>Outside India -</b>	<b>649.34</b>	<b>357.38</b>
a. Asia	267.41	231.98
b. South America	27.47	43.42
c. Europe	256.90	26.57
d. Other continents	97.56	55.41
<b>Total</b>	<b>3,730.15</b>	<b>3,402.42</b>

During the year ended March 31, 2023 and March 31, 2022 no revenue from transaction with a single external customer amount to 10% or more of the Company's revenues from external customers.

There is no significant change in the contract asset and contract liabilities.

**Performance obligations**

The Company satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract subject to refund due to returns and do not contain any financing component. The payment for domestic sales is generally due within 7-45 days and for exports not exceeding 180 days. The Company is obliged for returns/refunds due to expiry & saleable returns. There are no other significant obligations attached in the contract with customer.

The Company satisfies its performance obligations pertaining to the sale of services over the period of the contract / at point in time, depending on how the control of the promised asset is transferred to the customer.

There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods.

The transaction price is ascertained and allocated to the performance obligations based on the standalone price of individual performance obligation.

The transaction price ascertained for the only performance obligation of the Company (i.e. Sale of goods / providing of service) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price.

**Reconciliation of contract price with revenue recognised in statement of profit and loss:**

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Contract price	3,822.73	3,462.10
Less:		
Amount recognised as returns	69.58	40.05
Amount recognised as expiry	23.00	19.63
Revenue recognised in statement of profit and loss	3,730.15	3,402.42



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 48 : Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	Notes	Rs. in millions	
		March 31, 2023	March 31, 2022
<b>Current</b>			
<b>Financial assets</b>			
Cash and cash equivalents	12	8.53	58.84
Balances other than cash and cash equivalents	13	26.56	24.39
Trade receivables	11	610.94	482.73
Other current financial assets	14	244.90	80.92
<b>Non-financial assets</b>			
Inventories	10	1,397.64	1,325.53
Other current assets	15	552.14	454.44
<b>Total current assets pledged as security</b>		<b>2,840.71</b>	<b>2,426.85</b>
<b>Non current</b>			
<b>Financial assets</b>			
Deposits with banks	8	1.68	1.42
<b>Non-financial assets</b>			
Property, plant and equipment	3	1,048.42	986.64
Capital work-in-progress	4	682.94	409.22
<b>Total non current assets pledged as security</b>		<b>1,733.04</b>	<b>1,397.28</b>
<b>Total assets pledged as security</b>		<b>4,573.75</b>	<b>3,824.13</b>





**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 49 : Segmental reporting**

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company's board of directors along with it's Managing director, examines the Company's performance and have identified single reportable operating segment, viz. 'Pharmaceuticals' for the purpose of making decision on allocation of resources and assessing its performance. Board of directors primarily use revenue as a measure to assess the performance of the operating segment.

The Company is domiciled in India. The amount of its revenue from external customers broken down by destination of shipment of goods is shown in the table below.

**Entity – wide disclosures:**

Revenue from external customers	Rs. in millions	
	March 31, 2023	March 31, 2022
<b>Sales</b>		
India	3,080.81	3,043.04
Outside India	622.25	328.08
<b>Sub Total (A)</b>	<b>3,703.06</b>	<b>3,371.12</b>
<b>Service Income</b>		
India	-	2.00
Outside India	27.09	29.30
<b>Sub Total (B)</b>	<b>27.09</b>	<b>31.30</b>
<b>Total (A+B)</b>	<b>3,730.15</b>	<b>3,402.42</b>

All non-current assets of the Company are located in India.

**Note 50 : Expenditure on Research and Development during the year**

The total expenditure incurred on Research and Development including in house Research and Development during the year is as follows;

Particulars	Rs. in millions	
	March 31, 2023	March 31, 2022
Revenue	738.67	1,198.00
Capital	108.76	256.75
<b>Total</b>	<b>847.43</b>	<b>1,454.75</b>
<b>R&amp;D expenditure as a % of revenue from operations</b>	<b>22.72%</b>	<b>42.76%</b>

**Note 51 : Information regarding Micro, Small and Medium Enterprises**

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Particulars	March 31, 2023	March 31, 2022
i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
a. Principal outstanding and not overdue as per MSME act	9.41	33.93
b. Principal outstanding and overdue as per MSME act and interest due thereon	-	-
ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	28.86	3.08
iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.01	0.02
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 52 : Government grant**

1. Government grants in relation to EPCG are related to exemption of basic customs duty on purchase of imported machineries to be used for the manufacturing of products. The Company is required to fulfil the export obligation against duty benefit received. Refer Note 43 for the details of unfulfilled obligations. Based on past experience, the Company is confident that it will fulfil conditions attached to the grant received. During the year Company has fulfilled the export obligation and recognised income Rs. 29.70 millions (March 31, 2022 Rs. 25.03 millions)

<b>EPCG grants</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Balance at beginning of the year deferred grant	43.96	11.44
Duty saved during the year	34.00	57.55
Released to the statement of profit and loss	29.70	25.03
Balance at end of the year	48.26	43.96
Current	-	-
Non-current	48.26	43.96

2. The Company has received a sanction for various Government grants towards research and development expenses for life saving drugs and vaccines. The Company has recognised the income of grant amounting to Rs. 190.87 millions (March 31, 2022 : Rs. 773.10 millions) in Other Operating Revenue for the eligible expenses incurred towards respective projects, out of which Rs. 150.85 million (March 31, 2022: Rs. 80.92 million) has been accrued as Government Grant receivable under 'other current financial assets'.

<b>Government grants receivable</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Balance at beginning of the year	80.92	114.25
Received during the year	13.44	114.25
Recognised in the statement of profit and loss	83.37	80.92
Balance at end of the year	150.85	80.92
Current	150.85	80.92
Non-current	-	-

3. The Company has also received grants amounting to Rs. 10.32 millions (March 31, 2022 :Rs. 117.82 millions) for which eligible expenses will be incurred in the next year, accordingly the Company has disclosed the same as Deferred Revenue grants under other current liabilities.

<b>Deferred revenue grants</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Balance at beginning of the year	117.82	245.76
Received during the year	-	564.23
Released to the statement of profit and loss	107.50	692.17
Balance at end of the year	10.32	117.82
Current	10.32	117.82
Non-current	-	-

4. Government Grants amounting to Rs. 114.04 millions (March 31, 2022 : Rs. 114.04 millions) disclosed under other non-current liabilities related to the amount received to incur capital expenditure for building manufacturing facility. The company will offset these grants at the time of incurring capital expenditures for the eligible manufacturing facility.

	<b>Rs. in millions</b>	
<b>Deferred capital grants</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Balance at beginning of the year	114.04	114.04
Received during the year	-	-
Eligible capital expenditure incurred during the year	-	-
Balance at end of the year	114.04	114.04
Current	-	-
Non-current	114.04	114.04

5. During the current year, the Company has received eligibility under Production Linked Incentive scheme of the Government of India. The Company has recognized income of Rs 123.30 millions (March 31, 2022 : Nil) under the said scheme. Balance receivable under this scheme of Rs. 94.05 millions as on March 31, 2023 (March 31, 2022 : Nil) disclosed under 'other current financial assets'.



**GENNOVA BIOPHARMACEUTICALS LIMITED**  
**Notes to the financial statements (continued)**  
**For the year ended March 31, 2023**

**Note 53 : Derivatives**

a) Particulars of unhedged foreign currency exposures as at the reporting date:

Particulars	Currency	As at				Rs. in Millions
		March 31, 2023		March 31, 2022		
		Foreign Currency	Local Currency	Foreign Currency	Local Currency	
Trade Receivables	USD	2.41	197.87	2.73	207.02	
	Euro	0.64	56.78	0.00	0.07	
	RMB	-	-	2.21	26.31	
Payables	Euro	0.15	13.08	0.38	32.10	
	AUD	0.00	0.04	-	-	
	SGD	0.03	1.88	-	-	
	USD	1.10	90.03	5.12	388.23	
	GBP	0.04	3.84	0.00	0.11	

\* Foreign currency of insignificant amount  
 \* Amount is not significant

**Note 54 : Corporate social responsibility**

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

Particulars	Rs. in Millions	
	March 31, 2023	March 31, 2022
(a) amount required to be spent by the company for the full year	10.25	10.01
(b) Proportionate amount required to be spent by the company for the reporting period	10.25	10.01
(b) amount of expenditure incurred till date		
<b>Paid</b>		
(i) Construction/acquisition of asset	-	-
(ii) On purposes other than (i) above	-	-
<b>Yet to be paid</b>		8.38
(i) Construction/acquisition of asset	-	-
(ii) On purposes other than (i) above*	-	-
<b>Total (b)</b>	-	1.63
(c) shortfall at the end of the year	-	10.01
(d) reason for shortfall	-	-
(e) total of previous years shortfall	N/A	N/A
(f) nature of CSR activities	Promoting Healthcare, Education	Promoting Healthcare, Education

\* There is unspent amount of Rs. Nil (As at March 31, 2022 - Rs 1.63 million) for spending towards CSR activities, due to non-identification of feasible projects during the said period. During the current year, unspent amount for year ended March 31, 2022 is transferred to PM Care fund.



Note 55 : Ratios as per the Schedule III requirements

(a) **Current Ratio = Current Assets divided by Current Liabilities**

Particulars	31-Mar-23	31-Mar-22
Current Assets	2,921.19	2,693.58
Current Liabilities	3,243.54	2,718.36
<b>Ratio</b>	<b>0.90</b>	<b>0.99</b>
<b>% change from 31 March 2022</b>	<b>-9%</b>	

Reason for change more than 25%:  
Change is not more than 25%

(b) **Debt Equity ratio/ Gearing ratio = Total debt divided by Total equity**

Particulars	31-Mar-23	31-Mar-22
Total debt	1,914.08	1,297.10
Total equity	2,182.04	1,872.97
<b>Ratio</b>	<b>0.88</b>	<b>0.69</b>
<b>% change from 31 March 2022</b>	<b>27%</b>	

Reason for change more than 25%:  
The movement in ratio is on account of increase in borrowings due to increased net working capital and capital expenditure during the year.

(c) **Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest, Lease payments and principal repayments**

Particulars	31-Mar-23	31-Mar-22
Profit for the year	307.10	167.58
Add: Depreciation and amortizations	352.03	276.88
Add: Finance cost	207.13	170.23
Add: (Profit)/loss on sale of property, plant and equipment	(0.28)	5.21
<b>Earnings available for debt services</b>	<b>865.98</b>	<b>619.90</b>
Finance cost paid	177.99	80.04
Lease payments	210.37	145.39
Principal repayments of non-current borrowings	84.02	20.12
<b>Total Interest and Principal repayments</b>	<b>472.38</b>	<b>245.55</b>
<b>Ratio</b>	<b>1.83</b>	<b>2.52</b>
<b>% change from 31 March 2022</b>	<b>-27%</b>	

Reason for change more than 25%:  
Company has incurred higher debt servicing due to increased working capital utilization, higher lease payments and principal repayment of term loan during the current year.

(d) **Return on Equity Ratio / Return on Investment Ratio = Profit for the year divided by average equity**

Particulars	31-Mar-23	31-Mar-22
Profit for the year	307.10	167.58
Average equity	2,027.51	1,792.02
<b>Ratio</b>	<b>15%</b>	<b>9%</b>
<b>% change from 31 March 2022</b>	<b>62%</b>	

Reason for change more than 25%:  
Increase in return on equity ratio is on account of increase in sales and lower Research & Development expenditure.

(e) **Inventory Turnover Ratio = Cost of goods sold divided by average inventory**

Particulars	31-Mar-23	31-Mar-22
Cost of goods sold	777.68	487.44
Average Inventory	1,361.59	866.29
<b>Ratio</b>	<b>0.57</b>	<b>0.56</b>
<b>% change from previous year</b>	<b>2%</b>	

Reason for change more than 25%:  
Change is not more than 25%



Note 55 : Ratios as per the Schedule III requirements (continued)

(f) Trade Receivables turnover ratio = Revenue from operations (excluding other operating revenue) divided by average trade receivables

Particulars	31-Mar-23	31-Mar-22
Revenue from operations	3,730.15	3,402.42
Less: other operating revenue	(351.70)	(799.71)
<b>Net sales</b>	<b>3,378.45</b>	<b>2,602.71</b>
Average Trade Receivables	546.84	418.05
<b>Ratio</b>	<b>6.18</b>	<b>6.23</b>
% change from previous year	-1%	

Reason for change more than 25%:  
Change is not more than 25%.

(g) Trade payables turnover ratio = Credit purchases divided by average trade payables

Particulars	31-Mar-23	31-Mar-22
Credit Purchases	2,177.71	3,022.11
Average Trade Payables	1,179.69	713.28
<b>Ratio</b>	<b>1.85</b>	<b>4.24</b>
% change from previous year	-56%	

Reason for change more than 25%:  
Due to higher trade payables at year end.

(h) Net capital Turnover Ratio = Net sales divided by Net Working Capital (whereas net working capital = current assets - current liabilities)

Particulars	31-Mar-23	31-Mar-22
Net Sales	3,378.45	2,602.71
Net working capital	(322.35)	(24.78)
<b>Ratio</b>	<b>(10.48)</b>	<b>(105.03)</b>
% change from previous year	-90%	

Reason for change more than 25%:  
Due to increase in short term borrowings.

(i) Net profit ratio = Profit for the year divided by net sales

Particulars	31-Mar-23	31-Mar-22
Profit for the year	307.10	167.58
Net Sales	3,378.45	2,602.71
<b>Ratio</b>	<b>9%</b>	<b>6%</b>
% change from previous year	41%	

Reason for change more than 25%:  
Increase in sales and lower Research & Development expenditure.

(j) Return on capital employed = EBIT divided by Capital Employed (total equity plus debt and deferred tax liability)

Particulars	31-Mar-23	31-Mar-22
Profit for the year	307.10	167.58
Add: Depreciation and amortisation expense	352.03	276.88
Add: Finance costs	207.13	170.23
Add: Tax expenses	124.39	88.59
<b>EBITDA</b>	<b>990.65</b>	<b>703.28</b>
<b>EBIT</b>	<b>638.62</b>	<b>426.40</b>
<b>Total equity</b>	<b>2,027.51</b>	<b>1,792.02</b>
<b>Deferred tax liability</b>	<b>-</b>	<b>-</b>
Non-current borrowings	474.45	307.96
Current borrowings	1,439.63	989.14
<b>Total debt</b>	<b>1,914.08</b>	<b>1,297.10</b>
<b>EBIT</b>	<b>638.62</b>	<b>426.40</b>
<b>Capital Employed</b>	<b>3,941.59</b>	<b>3,089.12</b>
<b>Ratio</b>	<b>16%</b>	<b>14%</b>
% change from previous year	17%	

Reason for change more than 25%:  
Change is not more than 25%





**Note 56 : Code of Social Security**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Indian companies in the group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Holding Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**Note 57**

Gennova Biopharmaceuticals Ltd ("Gennova" / "Company"), entered into a License Agreement with HDT Bio Corp., USA ("HDT") in 6 August 2021 ("the Agreement") for the use of HDT's LION technology appropriately to formulate a COVID-19 vaccine, register, market and sell said product in India. Due to certain shortcomings in the LION technology, the Company developed indigenous vaccine formulation independent of the LION technology and terminated the Agreement, as Gennova was no more using the LION technology.

HDT filed arbitration proceedings against Gennova before the London Court of International Arbitration ("LCIA") for breach of certain provisions in the Agreement and for misappropriation of HDT's trade secrets arising out of the Agreement.

The Company is in the process of filing its response with LCIA defending that the Company is not in breach of the Agreement and has not misappropriated any of HDT's trade secrets.

Given the uncertainty of Arbitration, the merits of HDT's claims cannot be fully assessed at present and the Company cannot predict the outcome of Arbitration or reasonably estimate the possible loss or range of loss, if any, that may result from the Arbitration.

However, Management believes that it has strong grounds of defence in the matter.

**Note 58 : Other statutory information**

**Undisclosed Income -**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**Details of Crypto Currency or Virtual Currency -**

The Company has neither traded nor invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023. Further, the Company has also not received any deposits or advances from any person for the purpose of trading or investing in Crypto Currency or Virtual Currency.

**Valuation of PPE and intangible asset -**

The Company has not revalued its Property, Plant and Equipment or intangible assets or both during the current or previous year.

**Relationship with struck off companies -**

The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**Willful defaulter -**

The Company is not declared wilful defaulter by any bank or financial Institution or government or any government authority.

**Compliance with approved scheme(s) of arrangements -**

The Company has not entered into any scheme of amalgamation which has an accounting impact on current or previous financial year.

**Title deeds of immovable property not held in the name of the Company -**

The title deeds of all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

**Utilisation of borrowings availed from bank and financial institutions -**

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

**Details of benami property held -**

There are no proceedings that have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**Note 59 : Events occurring after March 31, 2023**

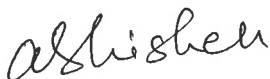
There are no significant events subsequent to year ended March 31, 2023.

The notes referred to above form an integral part of the financial statement.

As per our report of even date attached.

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

Firm Registration: 101248W/W-100022  
Chartered Accountants



**Abhishek**  
Partner  
Membership No. 062343

Place: Pune

Date: 8 June - 2023

**For and on behalf of the Board of Directors**  
**Gennova Biopharmaceuticals Limited**  
CIN - U24231PN2001PLC016253



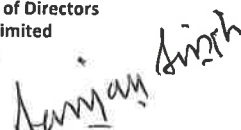
**Sachin Mehta**  
Chairman  
DIN : 00118691



**Sachin Kaushik**  
Chief Financial Officer

Place: Pune

Date: 26-May-2023



**Sanjay Singh**  
Whole-time Director & CEO  
DIN : 01693705



**Rutuja Gohad**  
Company Secretary  
Membership No. A35340