Biocon Biologics Limited
(Formerly known as Biocon Biologics India Limited)

ANNUAL REPORT 2020-21

Contents

Board's Report

Dear Shareholders,

The Board of Directors hereby present the 5th Annual Report on the business and operations of Biocon Biologics Limited, formerly known as Biocon Biologics India Limited ("the Company") together with the audited financial statements of the Company for the financial year ended March 31, 2021.

1. Company Specific Information

Financial Results

Amount in ₹ Million (except EPS)

Particulars	Standalone financial highlights		Consolidated financial highlights	
	FY 20-21	FY 19-20	FY 20-21	FY 19-20
Total Income	19,471	17,911	28,036	23,320
Total Expenses	16,909	14,639	24,390	19,108
Profit before tax and exceptional item	2,562	3,272	3,646	4,212
Exceptional item	(121)	(38)	(226)	(38)
Profit before tax	2,441	3,234	3,420	4,174
Provision for tax	344	351	745	1,001
Profit after tax	2,097	2,883	2,675	3,173
Earnings per share (EPS) before exceptional item *	2.12	2.84	2.77	3.12
Earnings per share (EPS) after exceptional item *	2.02	2.81	2.58	3.09

* Previous year EPS is adjusted for Bonus issue during the year

Note: Numbers for FY 19-20 in above table is presented based on the Company's financial statements which is prepared under common control as per Ind AS-103. Under this approach Biocon Research Limited, Biologics and BFI business of Biocon Limited have been assumed to exist with the Company from inception.

State of Affairs

The highlights of your Company's Standalone Financial performance were as under:

Total income for FY 21 at ₹ 19,471 Mn representing growth of ~9% over FY 20. EBIDTA margins excluding R&D spends was 22% compared to 26% in the previous financial year, primarily driven by higher spends in FY 21. Profit after tax at ₹ 2,097 Mn, lower compared to ₹ 2,883 Mn in FY 20 due to higher spends and exceptional expenses.

The highlights of your Company's Consolidated Financial performance were as under:

Total Income for FY 21 at ₹ 28,036 Mn representing growth of ~20% over FY 20. EBIDTA margins excluding R&D spends was 37% compared to 41% in the previous financial year, primarily driven by higher spends in FY 21. Profit after tax at ₹ 2,675 Mn, lower compared to ₹ 3,173 Mn in FY 20 due to higher spends and exceptional expenses.

For further details on the Company's performance please refer to the Management Discussion and Analysis Report as enclosed in this Annual Report.

2. Major Events Occurred during the Year

A. The Company changed its name from Biocon Biologics India Limited to Biocon Biologics Limited with effect from October 17, 2020 pursuant to approval secured from the Ministry of Corporate Affairs on such date.

B. During the period under review, the Company raised funds through private placement of its securities as below:

a) The Company on September 03, 2020 allotted 88,30,456 equity shares of ₹ 10/- (Rupees Ten only) each at an issue price of ₹ 254.80/- (Rupees Two Hundred and Fifty-Four and Paisa Eighty only) including premium of ₹ 244.80/- (Rupees Two Hundred and Forty-Four and Paisa Eighty only)] to Tata Capital Growth Fund II amounting to around ₹ 2,250 Mn (Rupees Two Thousand Two Hundred and Fifty Million only)

b) The Company on September 21, 2020 allotted 2,000 Unlisted Rated Secured Redeemable Non-Convertible Debentures of face value of ₹ 10,00,000 (Rupees Ten Lakhs only) each to HDFC Bank Limited amounting to ₹ 2,000 Mn (Rupees Two Thousand Million only)

c) The Company on December 9, 2020, allotted 1,125 Unlisted Unsecured Redeemable Optionally Convertible Debentures of face value of ₹ 10 Mn (Rupees Ten Million only) each to Goldman Sachs India AIF Scheme – 1, a scheme setup under Goldman Sachs India Alternative Investment Trust, acting through its investment manager, Goldman Sachs (India) Alternative Investment Management Private Limited amounting to ₹ 11,250 Mn (Rupees Eleven Thousand Two Hundred and Fifty Million only)

d) The Company on March 8, 2021 allotted 1,97,99,305 equity shares of ₹ 10/- (Rupees Ten only) each to Beta Oryx Limited at an issue price of ₹ 280.31 (Rupees Two Hundred and Eighty and Paisa Thirty One only) per share including premium of ₹ 270.31 (Rupees Two Hundred and Seventy and Paisa Thirty One only) per share amounting to ₹ 5,549.94 Mn (Rupees Five Thousand Five Hundred Forty Nine Million and Nine Hundred and Forty thousands only).

C. Realignment of Segmental Reporting: Post completion of Group restructuring in FY 20, the operating segments have been realigned effective April 1, 2020. Branded Formulations India business has been merged with Biosimilars.

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

There were no material changes and commitments affecting the financial position of the Company between March 31, 2021 and the date of this report.

3. Transfer to Reserve

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

4. Dividend

The Board of Directors of the Company have after considering the relevant circumstances decided that it would be prudent to retain the profits earned during the year for future investment/ general business requirements. Hence, the Board of Directors have decided, not to recommend any dividend for the year under review.

5. Details of Subsidiary, Joint Venture or Associate companies

a) Biocon Biologics UK Limited, United Kingdom (formerly known as 'Biocon Biologics Limited')

Biocon Biologics UK Limited is a wholly-owned subsidiary of the Company. For FY 20-21, Biocon Biologics UK Limited earned revenues of ₹ 13,869 Mn as against ₹ 12,460 Mn in the previous year. The net profit earned for FY 20-21 was ₹ 2,454 Mn as against ₹ 1,940 Mn for the previous year.

The name of Biocon Biologics Limited was changed to Biocon Biologics UK Limited w.e.f. October 19, 2020 vide Certificate dated October 19, 2020 issued by the Registrar of Companies for England and Wales under the Companies Act, 2006.

b) Biocon SDN BHD, Malaysia

Biocon SDN BHD is a wholly owned subsidiary of Biocon Biologics UK Limited, registered in Malaysia. For FY 20-21, Biocon Malaysia earned revenues from operations of ₹ 5,314 Mn as against ₹ 2,742 Mn in the previous year. The net loss for FY 20-21 was ₹ 2,465 Mn as against ₹ 2,793 Mn for the previous year.

c) Biocon Biologics Inc, USA

Biocon Biologics Inc is a wholly owned subsidiary of Biocon Biologics UK Limited, registered in the State of Delaware, United States of America. This subsidiary was incorporated during FY 19-20. BBI has not earned any revenues but has incurred only operating expenses in FY 20-21. The net loss for FY 20-21 was ₹ 87 Mn.

d) Biocon Biologics Healthcare Malaysia SDN BHD, Malaysia (formerly known as 'Biocon Healthcare SDN BHD')

Biocon Biologics Healthcare Malaysia SDN BHD, Malaysia is a wholly owned subsidiary of Biocon Biologics UK Limited and registered in Malaysia which was acquired from Biocon Limited. There were no operations of this entity for FY 20-21.

e) Biocon Biologics Do Brasil Ltda, Brazil

Biocon Biologics Do Brasil Ltda, Brazil is a wholly owned subsidiary of Biocon Biologics UK Limited, registered in Brazil which was incorporated during FY 20-21. The subsidiary has not earned any revenues but has incurred only operating expenses in FY 20-21. The net loss for FY 20-21 was ₹ 19 Mn.

f) Biocon Biologics FZ LLC, UAE

Biocon Biologics FZ LLC, UAE is a wholly owned subsidiary of Biocon Biologics UK Limited, registered in UAE which was incorporated during FY 20-21. There were no operations of this entity for FY 20-21.

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

Merger of Biocon Research Limited

Pursuant to consolidating Biosimilars business under the Company in India, Biocon Research Limited merged with the Company vide the order of the Hon'ble National Company Law Tribunal, Bengaluru on February 4, 2020. Pursuant to the conditions of the Scheme of Amalgamation, the merger is effective from February 7, 2020.

The Company is in the process of implementing such order.

6. Impact of COVID-19 pandemic

The impact of COVID-19/ corona virus pandemic on India has been largely unsettling in terms of economic activity across all sectors. During this crisis, the Company has sustained its commitment towards ensuring the health and safety of its employees, their families, and other stakeholders. The pandemic has tapped the new digital era for the pharma industry, due to the rapid challenges arising from disruption in supply chains and the need to change business processes. It has driven the Company to implement responsive commercial strategies focused on ensuring business continuity during such unprecedented times.

The impact of the pandemic on your Company's business performance is outlined under the Management Discussion and Analysis Report.

7. Capital and Debt Structure

I. Authorised Share Capital

In order to facilitate future funding in the Company, the Members at their extra-ordinary general meeting held on July 31, 2020 approved to increase the authorised share capital from ₹ 30,500.50 Mn (Rupees Thirty Thousand Five Hundred Million and Five Hundred Thousands only) divided into 105,00,50,000 equity shares of ₹ 10 (Rupees ten only) each and 200,00,00,000 preference shares of ₹ 10 (Rupees ten only) each to ₹ 35,000 Mn (Rupees Thirty-five Thousand millions only) divided into 150,00,00,000 equity shares of ₹ 10 (Rupees ten only) each and 200,00,00,000 preference shares of ₹ 10 (Rupees ten only) each.

II. Paid-up Share Capital

A. Equity Share Capital

During the period under review, the paid up share capital was increased upon private placement/ preferential allotment of securities the details of which are provided in Point 2 of this Board's report.

The Company also on September 3, 2020 allotted 824,175,932 (Eight Hundred Twenty Four Million One Hundred Seventy Five Thousand Nine Hundred and Thirty Two) fully paid up bonus equity shares of ₹ 10/- (Rupees Ten Only) each in the proportion of 4:1 i.e. 4 (Four) New Equity Shares for every 1 (One) existing Equity Share to the Members of the Company whose name appeared in the Register of Members maintained by the Company / List of Beneficial Owners maintained by the Depository as on the record date i.e. July 31, 2020.

B. Preference share capital

During the year, the Company redeemed 500,000,000 (Five Hundred Million) Non-Convertible Redeemable Non-Cumulative Preference Shares of ₹ 10 (Rupees Ten only) amounting to ₹ 5,000 Mn (Rupees Five Thousand Million only) which was held by Biocon Limited.

Pursuant to the aforementioned changes, the Company's share capital structure as on March 31, 2021 is as follows:

Particulars	Amount (in ₹ Mn)
Authorised Capital:	
Equity	15,000.00
Preference	20,000.00
Total	**35,000.00**
Paid up Capital:	
Equity	10,588.50
Preference	12,864.20
Total	**23,452.70**

8. Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review is presented in a separate section, forming part of this Annual Report.

9. Credit Rating of Securities

During the year under review, the Company received CRISIL AA+/ Stable rating by CRISIL on request pertaining to ₹ 2000 Mn (Rupees Two Thousand Million only) issuance of Unlisted Rated Secured Redeemable Non-Convertible Debentures to HDFC Bank Limited.

10. Investor Education and Protection Fund

There were no amounts required to be deposited into the Investor Education and Protection Fund during the financial year 2020-21.

11. Management

A. Directors and Key Managerial Personnel

I. Appointment of Directors

During the financial year 2020-21 the Company appointed Mr. Peter Piot (DIN: 09015343) as an additional Independent Director with effect from January 21, 2021 for a tenure of three years.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Peter Piot holds directorship upto the date of the ensuing annual general meeting of the Company.

The Board of Directors at their meeting held on April 27, 2021 recommended regularisation of his appointment to the Members of the Company.

II. Retirement and Re-appointment of Directors

As per the provisions of Section 152(6) of Companies Act, 2013, Dr. Arun Suresh Chandavarkar (DIN 01596180), Director, retires by rotation at the ensuing Annual General Meeting ('AGM') and being eligible, offers himself for re-appointment.

The Nomination & Remuneration Committee and the Board of Directors at their meeting held on April 27, 2021 recommended his re-appointment to the Members of the Company.

III. Declaration by Independent Directors

The Company received necessary declarations from Mr. Russell Walls, Mr. Daniel Bradbury, Mr. Bobby Parikh, Ms. Nivruti Rai and Mr. Peter Piot, Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013. The Independent Directors have also confirmed that they have complied with Schedule IV of the Companies Act, 2013 and the Biocon Group's Code of Conduct.

They have further confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have also submitted their declaration in compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, which mandated the inclusion of an Independent Director's name in the data bank of Indian Institute of Corporate Affairs ('IICA') for a period of one year or five years or life time till they continues to hold the office of an independent director.

IV. A statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors

Based on the performance evaluation conducted for the FY 2020-21, the Board is of the view that the independent directors of the Company have the requisite integrity, expertise, proficiency and experience to carry out their duties with respect to the Company.

V. The following Key Managerial Personnel were appointed/ ceased during the financial year 2020-21:

a) Mr. Mayank Verma, resigned as the Company Secretary of the Company with effect from the conclusion of the Board meeting held on July 23, 2020

b) Mr. Akhilesh Nand was appointed as the Company Secretary of the Company with effect from the conclusion of the Board meeting held on July 23, 2020

c) Dr. Christiane Hamacher resigned as Managing Director of the Company with effect from the close of business hours of January 20, 2021 and as Chief Executive Officer with effect from the close of business hours of February 28, 2021

d) Ms. Kiran Mazumdar Shaw was appointed as Executive Chairperson from position of Non-Executive Chairperson with effect from January 21, 2021 upto March 31, 2022

e) Dr. Arun Suresh Chandavarkar was appointed as Managing Director of the Company from position of Non-Executive Director with effect from January 21, 2021 for a period of two years

VI. None of the Directors of the Company are disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013.

VII. During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

B. Meetings of the Board of Directors

The Board of Directors met eight times during the year under review. The dates of the meetings were:

a) May 13, 2020

b) July 23, 2020

c) July 30, 2020

d) October 22, 2020

e) November 6, 2020

f) December 7, 2020

g) January 21, 2021

h) February 26, 2021

The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

During the year under review, the Independent Directors also met at their separate meeting held on May 13, 2020 and January 20, 2021 as required under Schedule IV to the Companies Act, 2013.

C. Committees

The Board of Directors have the following committees. Details of members of such committees as on March 31, 2021 are provided as under:

I. Audit Committee

a) Mr. Bobby Parikh (Chairperson)

b) Mr. Russell Walls

c) Mr. Daniel Bradbury

d) Dr. Arun Suresh Chandavarkar

II. Nomination & Remuneration Committee

a) Ms. Nivruti Rai (Chairperson)

b) Mr. Daniel Bradbury

c) Mr. Peter Piot

Dr. Arun Suresh Chandavarkar ceased to be a member and Mr. Peter Piot was inducted during the year

III. Corporate Social Responsibility Committee

a) Ms. Kiran Mazumdar Shaw (Chairperson)

b) Ms. Nivruti Rai

c) Mr. Peter Piot

Dr. Christiane Hamacher ceased to be a member and Mr. Peter Piot was inducted during the year

IV. Risk Management Committee

a) Mr. Bobby Parikh (Chairperson)

b) Mr. Russell Walls

c) Mr. Daniel Bradbury

d) Dr. Arun Suresh Chandavarkar

e) Mr. Peter Piot

Dr. Christiane Hamacher ceased to be a member and Mr. Peter Piot was inducted during the year

12. Auditors

a) Statutory Auditors

M/s B S R & Co. LLP, Chartered Accountants (ICAI Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 1st AGM held on July 28, 2017 until the conclusion of the 6th AGM of the Company to be held in the calendar year 2022.

There were no adverse comments/ observations or reservations made by the Statutory Auditors on the financial statements of the Company for the year 2020-21.

Further, there was no fraud reported by the Auditors of the Company under Section 143(12) of the Companies Act, 2013 for the financial year under review.

b) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, M/s V. Sreedharan & Associates, Practicing Company Secretaries were appointed as the Secretarial Auditors of the Company to conduct the secretarial audit of the Company for the financial year 2020-21.

In compliance with Section 204(1) of Companies Act, 2013 read with applicable rules made thereunder, the secretarial audit report issued by M/s V. Sreedharan & Associates for the financial year 2020-21 is annexed in Annexure II to this report.

There were no adverse comments/ observations or reservations made by the Secretarial Auditors for the year 2020-21 in the report issued by them.

c) Internal Auditors

M/s S. R. Batliboi & Associates LLP, Chartered Accountants were appointed as the internal auditors of the Company for a period upto September 30, 2022.

The Internal Auditors present their report to the Audit Committee which is discussed upon and necessary action is taken by the Management wherever required.

d) Cost Auditors

The Cost Records of the Company were maintained in accordance with the provisions of Section 148(1) of the Companies Act, 2013 as specified by the Central Government. Based on the recommendation of the Audit Committee, the Board of Directors appointed M/s Rao, Murthy & Associates, Cost Accountants (Firm Registration Number 000065), as the Cost Auditors of the Company for the financial year 2020-21. The Cost Auditors have confirmed that their appointment is within the limits of Section 141(3) (g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Cost Auditors would place their report for FY 2020-21 before the Board of Directors on or before the due date. The Board's Report for FY 2021-22 shall cover the same.

The remuneration to the Cost Auditors of ₹ 3,00,000 per annum for the FY 2020-21 was ratified and approved at the Annual General Meeting of the Company held on July 24, 2020.

13. Company's policy on Director's appointment & remuneration

The Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2021, the Board consists of 7 Directors, majority of them being Independent Directors.

The Board comprises of an Executive Chairperson, a Managing Director and five Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, are formulated by the Nomination and Remuneration Committee.

The salient features of this policy comprise of the following:

a) The policy seeks to provide guidance to the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management of the Company

b) The policy provides for duties of the Nomination and Remuneration Committee in relation to various matters and recommendations that need to be made by it to the Board which include the following:

- Formulating the criteria for determining qualifications, positive attributes and independence of a Director
- Identifying persons who are qualified to become Director and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in the policy
- Recommending to the Board, appointment and removal of Director, Key Managerial Personnel and Senior Management Personnel

c) The policy provides for various matters relating to appointment, term, retirement and removal of Director and Key Managerial Personnel

d) The policy provides for various matters relating to remuneration of Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel

14. Annual evaluation of performance of the Board, its Committees and of Individual Directors

Board Evaluation

Pursuant to the provisions of Section 134 and 178 of the Companies Act, 2013, M/s Egon Zehnder, a leadership advisory firm on board matters carried annual performance evaluation of the Board, its committees and the Directors individually. The evaluation process focused on Board dynamics and softer aspects.

M/s Egon Zehnder followed the below methodology for the annual performance evaluation exercise which was based on the criteria and framework approved by the Nomination and Remuneration Committee:

a) Consulted with Chairperson on approach, process and issues

b) Questionnaires circulated to Board members for capturing views and first thoughts

c) Met with the individual Board Members and also interviewed Management who had frequent interactions with Board

M/s Egon Zehnder proposed the following Board Skill Matrix which was approved by the Board of Directors.

Directors	Area of Expertise						
	Scientific Knowledge	Research & Innovation	Global Healthcare	Finance & Risk Management	Compliance & Governance	Technology & Digital Perspective	General Management & Leadership
Kiran Mazumdar Shaw	●	●	●	●	●		●
Dr. Arun Suresh Chandavarkar	●	●	●	●	●		●
Bobby Parikh				●	●		●
Daniel Bradbury		●	●	●	●		●
Nivruti Rai					●	●	●
Russell Walls				●	●		●
Peter Piot	●	●	●				●

15. Remuneration received by Directors from holding or subsidiary company

The Managing Director of the Company did not receive commission or remuneration from its holding company or subsidiary company(s).

Ms. Kiran Mazumdar Shaw, Executive Chairperson received ₹ 40.6 Mn in FY 20-21 from Biocon Limited, holding company of the Company in her capacity as Executive Chairperson at such company as well.

16. Internal Financial Controls

The Company has laid down certain guidelines, processes and structures, which enable implementation of appropriate internal financial controls across the organization. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information. These include control processes, both on manual and IT applications, including the ERP applications wherein the transactions are approved and recorded. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively.

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

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

17. Details of Deposits

During the year under review, the Company has not accepted any deposits from the public.

18. Particulars of Loans, Guarantees and Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of Companies Act, 2013 are given in the notes to the financial statements.

19. Particulars of contracts or arrangements with related parties referred to in Section 188(1)

There were no materially significant related party transactions entered into between the Company and its related parties, except for those disclosed in the financial statements.

All the contracts/arrangements/transactions entered by the Company with the related parties during FY 2020-21 were in the ordinary course of business and on an arm's length basis.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 along with the justification for entering into such a contract or arrangement in Form AOC-2 does not form a part of this report.

20. Particulars of Employees

Since your Company is not a listed company, the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Managerial Personnel) Rules, 2014 in respect of employees of the Company for the year ended March 31, 2021 is not applicable.

21. Corporate Social Responsibility

The Company has adopted a Corporate Social Responsibility Policy. Salient features of this policy are as under:

- The vision of the CSR policy is to strive towards developing and sustaining healthy and empowered communities by promoting social & economic inclusion and improving overall quality of life
- Some of the core areas in which the Company will contribute towards CSR activities includes:
  - Promoting healthcare including preventive healthcare
  - Eradicating hunger, poverty and malnutrition.
  - Promotion of sanitation and making available safe drinking water.
  - Promoting education, including special education and employment enhancing vocational skills and livelihood enhancement projects.
  - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
  - Rural development projects.
- The Company shall spend at least two percent (2%) of its average net profit of the immediately (3) three preceding financial years on CSR activities in accordance with the provisions of the Companies Act, 2013.
- The Company may either partner with external agencies for undertaking various CSR activities or execute them directly
- The target beneficiary of CSR initiatives may primarily be disadvantaged, impoverished, underserved and marginalised sections of the society. The emphasis shall be given to communities living around the area of operations of the Company

The provisions relating to CSR were amended by the Ministry of Corporate Affairs effective from January 22, 2021. Accordingly, the CSR Policy was amended to bring it in line with such amendments.

The Annual Report on CSR activities for the FY 20-21 is enclosed to this report in Annexure III.

22. Conservation of energy, technology absorption and foreign exchange earnings and outgo

a) Conservation of energy and technology absorption

The Company was established with an objective to set up green field biosimilar biologics facility. Some of the measures adopted by the Company to conserve energy and absorb technology are as follows:

- A new aseptic suite with isolator technology is under qualification to augment capacity for drug product manufacturing in Biocon Park, Bangalore
- Manufacturing has been simplified by improving on ease of execution, reduction in the redundant operator activities, e-reports, simplification of documentation, log books etc. which would aid in making the manufacturing records being lean and compliant while optimising productivity and resource utilisation
- New fermenters have been installed at Bengaluru which has observed ~20% improvement in productivity based on latest design & process parameter optimizations. Optimal use of hardware and machinery has also yielded 15% improvement in fermentation output at Malaysia
- Green technology like recycling of solvent was introduced for newer analogs and PAT tools were incorporated for reducing the turnaround time.

b) Foreign exchange earnings and outgo

	Amount in ₹ Million
Total earnings in foreign exchange during the year	14,035
Total outflow of foreign exchange during the year	10,347

23. Risk management policy and internal adequacy

The Company has put in place an enterprise wide risk management framework with an object of timely identification of risks, assessment and evaluation of the same in line with overall business objectives and define adequate mitigation strategy. On a quarterly basis, the Board of Directors reviews critical risks on a rotation basis in line with the mitigation progress/effectiveness and its impact on overall risk exposure of the Company, all the critical risk areas are covered at least once a year. Annually, all critical risk areas identified are re-evaluated.

The Board has also constituted a Risk Management Committee to oversee risk matters and risk mitigation efforts.

24. Details of Establishment of Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the rules prescribed thereunder is implemented through the Whistle Blower Policy of the Company to enable the Directors and employees of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The Biocon Group Integrity Policy is applicable to the Company. As such the vigil mechanism is established under this policy which is applicable to entire Biocon Group including the Company.

25. Significant and material orders

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in the future.

26. Compliance of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Details of cases for the financial year 2020-21 were as below:

Sl.	Particulars	Numbers
1.	Number of complaints filed during the financial year	NIL
2.	Number of complaints disposed of during the financial year	NIL
3.	Number of complaints pending as on end of the financial year	NIL

27. Compliance with Secretarial Standards

The Company has complied with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India.

28. Failure to implement any corporate action

There has been no failure to implement any corporate action by the Company for the FY 20-21.

29. Annual Return

Pursuant to Sections 134(3)(a) read with 92(3) of the Companies Act, 2013, as your Company does not have its own website, hence placing the annual return on the website of the Company and disclosing the web-link of such annual return in the Board's Report does not arise.

The Annual Return for the FY 2020-21 shall be filed with the Registrar of Companies as per the provisions of the Companies Act, 2013.

30. Directors' Responsibility Statement

In compliance with the provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirm the following:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis;

(e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Acknowledgements

We place on record our appreciation for the committed services by every member of the Biocon Biologics family globally, whose contribution was significant to the growth and success of the Company. We would like to thank all our clients, partners, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Governments of India and Malaysia, Government of Karnataka, Ministry of Information Technology and Biotechnology, Ministry of Health, Ministry of Commerce and Industry, Ministry of Finance, Department of Pharmaceuticals, Department of Scientific and Industrial Research, Ministry of Corporate Affairs, Central Board of Indirect Taxes and Customs, Income Tax Department, CSEZ, and all other regulatory agencies for their assistance and co-operation during the year and look forward to their continued support in the future.

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

Kiran Mazumdar Shaw
Executive Chairperson
DIN: 00347229

Bengaluru
April 27, 2021

Annexure I - Statement containing salient features of the financial statement of subsidiaries
[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of The Companies (Accounts) Rules, 2014]

FORM AOC -1

Part A - Subsidiaries

In ₹ Million

Sl. No	Name of the subsidiary	Date since subsidiary was incorporated	Reporting Period	Reporting currency	Share capital*	Reserves & Surplus (other equity)*	Total Assets*	Total Liabilities (excl. capital & reserves)*	Investments (excluding in subsidiaries)*	Turnover#	Profit/(loss) before taxation#	Provision for taxation#	Profit/(loss) for the year#	Proposed dividend	% of Shareholding by the Company
1	Biocon Biologics UK Limited, UK (formerly known as "Biocon Biologics Limited")	March 02, 2016	April - March	USD	18,973	6,209	40,449	15,267	-	13,869	2,903	449	2,454	-	100.00%
2	Biocon SDN BHD, Malaysia	January 19, 2011	April - March	USD	25,412	(7,443)	32,049	14,079	-	5,314	(2,465)	-	(2,465)	-	Refer note 3 and 4
3	Biocon Biologics Healthcare Malaysia SDN BHD, Malaysia (formerly known as "Biocon Healthcare SDN BHD")	August 10, 2017	April - March	MYR	35	(36)	1	2	-	-	-	-	-	-	Refer note 3
4	Biocon Biologics Inc., USA	November 12, 2019	April - March	USD	44	(86)	7	49	-	-	(87)	-	(87)	-	Refer note 3
5	Biocon Biologics Do Brasil Ltda	August 17, 2020	April - March	USD	20	(19)	7	6	-	-	(19)	-	(19)	-	Refer note 3
6	Biocon Biologics FZ LLC	November 26, 2020	April - March	USD	-	-	-	-	-	-	-	-	-	-	Refer note 2 and 3

* Exchange rate considered in the case of foreign subsidiaries - 1 USD = 73.20; 1 MYR = 17.66

Converted at monthly average exchange rates

Notes:

1. None of the subsidiaries have proposed dividends as at March 31, 2021
2. Yet to commence commercial operations as at March 31, 2021.
3. Biocon Biologics UK Limited, UK holds 100% of equity stake in:-
   a) Biocon SDN BHD, Malaysia
   b) Biocon Biologics Healthcare Malaysia Sdn. Bhd.
   c) Biocon Biologics Inc., USA
   d) Biocon Biologics Do Brasil LTDA
   e) Biocon Biologics FZ LLC
4. The reporting currency of Biocon SDN BHD is MYR, however USD is disclosed since it is the functional currency.

for and on behalf of the Board of Directors of Biocon Biologics Limited
(formerly known as "Biocon Biologics India Limited")

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Bengaluru
April 27, 2021

Arun Chandavarkar
Managing Director
DIN: 01596180

Bengaluru
April 27, 2021

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Annexure - II

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended 31.03.2021

To,
The Members,
BIOCON BIOLOGICS LIMITED
(FORMERLY KNOWN AS BIOCON BIOLOGICS INDIA LIMITED)

Biocon House, Ground Floor, Tower-3,
Semicon Park, Electronic City, Phase - II,
Hosur Road, Bengaluru - 560100

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Biocon Biologics Limited ("the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2021 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.

iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;

v. Other laws specifically applicable to the Company:

   a. Drugs and Cosmetics Act 1940

   b. Drugs and Cosmetics Rules, 1945

   c. Bio Medical Waste (Management & Handling) Rules, 1998

   d. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1954

   e. Narcotic Drugs and Psychotropic substance Act

   f. Atomic Energy Act 1962

   g. The Hazardous Waste (Management, Handling and Trans-boundary movement) Rules 2008, amended in 2016.

   h. Hazardous Substances (Classification packaging and labelling) Rules 2011

   i. The Explosives Act 1983

   j. Manufacture, Storage, and Import of Hazardous Chemicals Rules 1989

   k. Drug (Price Control) Order (DPCO) 2013 (NPPA)

l. Regulation of Drug Act 1978

m. National Biodiversity Act 2002

n. Uniform Code of Pharmaceuticals Marketing Practices (UCPMP) Guidelines

o. Livestock Importation Act 1898

p. Generic Drug User Fee Amendment (GDUFA) 2012

q. Cosmetics, Devices and Drugs Act 1980

r. Registration Guideline for Registration of the Medicinal Products, 2013

s. The Special Economic Zone Act 2005, Special Economic Zone Rules 2006

The Company being an unlisted public limited company, the following Regulations prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the audit period:

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

(i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc., mentioned above.

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to all the directors for all the Board Meetings held during the period under review. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairperson, the decisions of the Board were unanimous, and no dissenting views have been recorded.

We further report that, there are adequate systems and processes in the Company in line with Biocon's group level practices, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines which are listed under point no. v of 3rd para of this report.

The following events/actions were having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period:

a. The Company has allotted 85,28,05,693 Equity Shares of ₹ 10/- each (including Bonus Issue and Private Placements);

b. The Company has redeemed 50,00,00,000 Non-Convertible Redeemable Preference Shares of ₹ 10/- each aggregating to ₹ 500,00,00,000;

c. The Company has allotted 2,000 Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each aggregating to ₹ 200,00,00,000/-;

d. The Company has allotted 1,125 Crore Optionally Convertible Debentures (OCDs) of ₹ 1,00,00,000/- each aggregating to ₹ 1125,00,00,000/-;

e. Dr. Christiane Hamacher (DIN: 07822113) resigned as Managing Director of the Company w.e.f. January 20, 2021 and has resigned as Chief Executive Officer of the Company w.e.f. February 28, 2021

f. Ms. Kiran Mazumdar Shaw (DIN: 00347229) has been appointed as Executive Chairperson of the Company w.e.f. January 21, 2021.

g. Dr. Arun Chandavarkar (DIN: 01596180) has been appointed as Managing Director of the Company w.e.f. January 21, 2021.

h. Mr. Mayank Verma has resigned from the post of Company Secretary of the Company w.e.f. July 23, 2020 and Mr. Akhilesh Nand has been appointed as a Company Secretary of the Company w.e.f. July 23, 2020.

For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)
Partner
FCS: 7260; C.P. No: 7835
UDIN number : F007260C000193127
Peer Review Certificate No. 589/2019

Place: Bengaluru
Date: April 27, 2021

This report (i.e., Form No. MR-3) is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

'Annexure'

To,
The Members,
BIOCON BIOLOGICS LIMITED
(FORMERLY KNOWN AS BIOCON BIOLOGICS INDIA LIMITED)
Biocon House, Ground Floor, Tower-3,
Semicon Park, Electronic City, Phase - II,
Hosur Road, Bengaluru - 560100

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Due to Covid-19 pandemic situation, we have conducted online verification and examination of records, as facilitated by the Company for the purpose of issuing Secretarial Audit Report (Form No. MR-3).

For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)
Partner
FCS: 7260; C.P. No: 7835
UDIN number : F007260C000193127
Peer Review Certificate No. 589/2019

Place: Bengaluru
Date: April 27, 2021

ANNEXURE - III

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company

   The Company's contributions and initiatives towards social welfare and environment sustainability have been integral to its business. CSR activities of the Company shall continuously evolve for a long-term sustainability of business, society and environment at large. CSR shall further align and integrate social wellbeing, economic growth and environmental sustainability with the Company's core values, operations and growth. The CSR strategy shall create long-term and scalable values for communities and society. In the process of executing CSR, the Company shall comply with the statutory requirements of the Companies Act, 2013, and the related rules and regulations as may be amended from time to time.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Kiran Mazumdar Shaw	Executive Chairperson	2	2
2.	Ms. Nivruti Rai	Member – Independent Director	2	2
3.	Mr. Peter Piot (appointed with effect from Jan 21, 2021)	Member – Independent Director	NA	NA
4.	Dr. Christiane Hamacher (resigned with effect from close of business hours of January 20, 2021)	Member – Managing Director & CEO	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company- Not Applicable

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) – Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any)

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			

6. Average net profit of the Company as per section 135(5): ₹ 1,550 Mn

7. (a) Two percent of average net profit of the company as per section 135(5) – ₹ 31 Mn

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Not Applicable

   (c) Amount required to be set off for the financial year, if any – Not Applicable

   (d) Total CSR obligation for the financial year (7a+7b- 7c) – ₹ 31 Mn

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹ Mn)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
31	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year (in ₹ Mn):

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implem-entation-Direct (Yes /No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
1	eLaj Smart Clinic	Promoting Healthcare	Yes	Karnataka	Bangalore Urban	4 years (Apr 20 to March 24)	7.0	7.0	0.00	No	Biocon Foundation	CSR00002304
	TOTAL					-	7.0	7.0	0.00			

(c) Details of CSR amount spent against other than ongoing projects for the financial year (in ₹ Mn):

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of implementation – Direct (Yes/No)	Mode of implementation –Through implementing agency	
				State	District			Name	CSR registration number
1	Mass Transit System	Environmental Sustainability	Yes	Karnataka	Bangalore Urban	24.0	No	Biocon Foundation	CSR00002304
	Total					24.0			

(d) Amount spent in Administrative Overheads : Not Applicable

(e) Amount spent on Impact Assessment, if applicable : Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 31 Mn

(g) Excess amount for set off, if any :

Sl. No.	Particular	Amount (in ₹ Mn)
(i)	Two percent of average net profit of the company as per section 135(5)	31
(ii)	Total amount spent for the financial year	31
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
NA							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project -Completed /Ongoing
NA								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year –

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): NA

(b) Amount of CSR spent for creation or acquisition of capital asset: NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

Dr. Arun Suresh Chandavarkar
Managing Director
DIN 01596180

Ms. Kiran Mazumdar Shaw
Chairperson – CSR Committee
DIN: 00347229

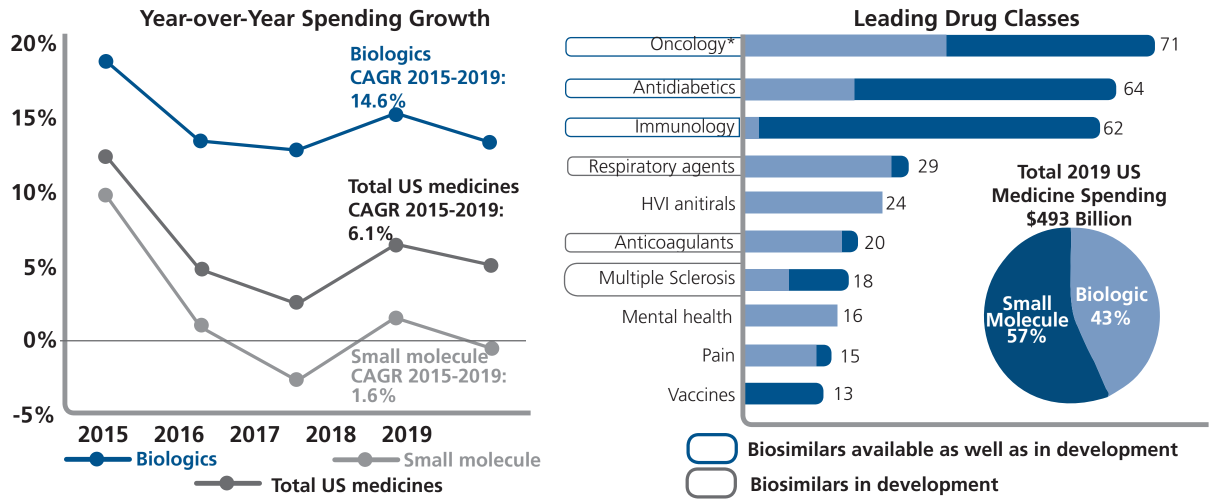
Management Discussion and Analysis

The Pharmaceutical Market Amid COVID-19

As per IQVIA[1], the global medicine net market size is estimated to reach more than $1 trillion by 2024, growing at a 5-year CAGR of 2-5%. The healthcare sector is projected to account for the highest R&D spend in a few years. In the past, the surge in healthcare spending was driven by treatment for chronic diseases and untreatable disorders. However, the emergence of COVID-19 temporarily redirected the R&D spending and shifted focus towards controlling the virus's spread. In the long term, the market will reward organizations that reinvent their R&D functions and adapt to changes in consumer preference.

The pharmaceutical drug spending remains an important element of the total healthcare cost. From a molecule perspective, biologics continue to drive a significant portion of the overall spending in leading global markets. In the US, biologics spending has increased considerably between 2015 and 2019, growing at a CAGR of 14.6%, outpacing small molecules that have been growing at a CAGR of 1.6% during the same period, as per IQVIA.

Table 1: Biologics vs. Small Molecules Medical Spending as of 2019



Source: IQVIA MIDAS; IQVIA Institute, June 2020'

More importantly, biosimilars and their originator products accounted for $40 billion in spending in 2019. This expenditure was across several key therapy areas where further biosimilar entry would significantly impact healthcare costs. Biosimilars have the potential for substantial system savings. Therefore, biosimilars spending is expected to reach $16-36 billion by 2024. The recent upsurge in approval and launches of biosimilars, mainly in oncology, has boosted biosimilar penetration. Moreover, regulatory bodies like the US FDA are supporting innovation and competition in biologics and biosimilar development, with an intent to raise awareness and acceptance for biosimilars.

The COVID-19 pandemic has been a thought-provoking revelation on the importance of health research and science. 2020 was not just a year full of challenges and tragedies but also acted as a catalyst for positive change, prompting the need for improved healthcare delivery using virtual engagements, digitized clinical trials, and new, disruptive business models, coupled with radical or innovative collaborations. The effects of these positive changes will be witnessed globally in the world of healthcare for years to come.

1 Global Medicine Spending and Usage Trends: Outlook to 2024 by IQVIA | March 2020

Biosimilar Market Overview

The market dynamics for biosimilars are evolving by the day. Initially, only a few players invested in this space, but we have seen a growing interest in this space among several companies. In the following decade, a strong growth is expected in the biosimilar market, with ~$90 billion worth of biologics revenue expected to lose exclusivity, as per industry estimates. This would increase further, given that large number of pharmaceutical products under development today are biologics and would lose exclusivity at some point. We believe the experience which Biocon Biologics has accumulated over the years and the competitive dynamics of the biosimilar market, as mentioned below, positions it well to capitalize on this opportunity.

High barriers to entry: The development of biosimilars requires the confluence of multiple high-end capabilities in physicochemical and biological characterization, sensitive orthogonal analytical techniques for demonstrating biosimilarity at the molecular level, pharmacokinetic (PK) and pharmacodynamic (PD) studies against the chosen reference product as well as extensive human clinical trials. Thus, R&D costs and time taken for developing biosimilars are significantly high as compared to conventional chemical synthesis-based "small molecule" generic pharmaceuticals.

Quality focus: By nature, biosimilar development requires a strong focus on quality at global scale. Being protein products administered by injection, it is critical to have consistency in product quality, which comes with experience and investments in high quality manufacturing and testing infrastructure.

Manufacturing capabilities at scale and a global reach: Biosimilars are designed to make healthcare affordable by improving access to high-value therapeutics and saving costs for healthcare systems worldwide. The ability to provide products to both developed and emerging markets enables us to manufacture high volumes and benefit from economies of scale. Moreover, it shields our business from the cyclical market dynamics of individual countries.

Business Overview

Biocon operates its biosimilar business through a subsidiary, Biocon Biologics Limited (Biocon Biologics). It is engaged in developing high-quality, affordable biosimilars that can expand access to cutting-edge therapeutics for patients globally. The R&D, manufacturing, commercial, and essential business functions for Biocon's biosimilars business are housed under Biocon Biologics. Besides, the Branded Formulation India (BFI) business is also a part of Biocon Biologics.

Biocon Biologics is an established and vertically integrated global biosimilar player that has invested ahead of its peers in this exciting opportunity. Biocon's more than 40 years of experience in science and manufacturing laid the foundation for Biocon Biologics. Biocon's early entry into the biosimilar segment, more than 15 years ago, has enabled it to become a frontrunner in biosimilars.

Biocon Biologics has strong competency in developing high-quality biosimilars at its R&D sites in Bengaluru and Chennai (India) and manufacturing cost-efficient biosimilars at scale for both developed and emerging markets, in Bengaluru (India) and Johor (Malaysia). As of March 2021, Biocon Biologics has a global commercial footprint through a hybrid commercial model, wherein it has a direct commercial presence in some countries and leverages regional partners in others. Biocon also has a global partnership with Viatris for some products wherein Viatris has exclusive commercial rights in developed markets.

Biocon Biologics' therapeutic focus includes diabetes, oncology, immunology, dermatology, ophthalmology, neurology, rheumatology, and inflammatory diseases. So far, it has taken five products from lab to market, of which three have been commercialized in developed markets like the US, EU, Australia, Canada, and Japan.

Biocon Biologics has several first-in-class achievements to its credit, such as:

- 1st biosimilar Trastuzumab to be approved anywhere in the world; developed and launched in India (2014)
- 1st company globally to get US FDA approval for biosimilar Trastuzumab (2017)
- 1st biosimilar Pegfilgrastim approved by the US FDA (2018)

We have a large portfolio of molecules targeting sizable opportunities, of which 11 are in partnership with Viatris (originally Mylan, which got merged with Pfizer's Upjohn business in 2020), and a few in partnership with Sandoz (a subsidiary of Novartis). The Viatris collaboration is a cost-share and profit-share model wherein we participate in about one-third of the economics from developed markets where Viatris has exclusive commercial rights. We share equal economics in emerging markets where we have co-commercialization rights. We are responsible for developing, manufacturing, and supplying the products globally. The Sandoz partnership is structured based on an equal economic share with Sandoz having commercialization rights in developed markets and the responsibility for development and manufacturing is shared between the partners.

STATUS OF BIOCON BIOLOGICS PORTFOLIO (April 2021)

Global Biosimilars Pipeline

Biocon Biologics

Therapeutic Areas	Molecule	US	Developed Markets: ex-US	MoW^^
Oncology	Pegfilgrastim#		EU, CANZ	
	Trastuzumab#		EU, CANZ	
	Bevacizumab#		EU	
	Pertuzumab#			
Immunology	Adalimumab*#		EU, CA, Japan	
	Etanercept*#		EU	
Diabetes	Glargine**# 100U		EU, ANZ, Japan	
	Glargine# 300U		EU	
	Aspart#		EU	
	RHI^			
Undisclosed	7 Assets			

Early Dev./ Preclinical | Clinical | Filed | Approved

In partnership with Viatris; *Partner Viatris has in-licensed product (Biocon benefits from economic interest); **Japan is outside of Viatris partnership; ^RHI non-partnered asset completed Ph 1 and considering potential Ph 3 waiver to be confirmed with US FDA advice, shown as Planned submission;
^^MoW represents Most of the World markets. Chart represents the status of the country where the product is in most advanced stage. Every country has a different status. CANZ stands for Canada, Australia and New Zealand. CA - Canada, AUS - Australia and NZ - New Zealand. Status as of April 2021.

The Branded Formulations India (BFI) business focuses on specialty brands in critical therapies, offering affordable and differentiated medicines of world-class quality to thousands of patients in India. These include biologics (including biosimilars, novel molecules, and others), in-licensed products, and branded generics for acute and chronic conditions. The business focuses on therapeutic areas such as metabolics (diabetes, cardiovascular), oncology, nephrology, and autoimmune diseases.

Business Highlights FY21

COVID-19 has resulted in significant disruption to several businesses globally, including biosimilars. While our teams have done remarkably well to ensure our products reach patients worldwide, there have been circumstances beyond our control that have restricted our ability to deliver as per plan. That said, we have seen good growth and several positive developments around our business.

Biocon Biologics' revenues have grown by 20% over last year to ₹28,036 million, with an EBITDA margin of 27%. The growth in revenue were primarily driven by improved performance in both developed and emerging markets.

- bPegfilgrastim: We have seen a resilient market share of Fulphila® throughout the year in the US despite competitors entering the market. Through our partner Viatris, we had launched bPegfilgrastim in Australia and Canada in April 2020.
- bTrastuzumab: In the US, Ogivri® was launched in December 2019 through our partner Viatris, where it has seen a steady increase in market share. Besides, we have also seen a strong performance of Ogivri® in Canada and Australia.
- bBevacizumab: We have commercialized bBevacizumab in select emerging markets. In India, it is marketed under the brand name Krabeva®. Our partner, Viatris, has filed a Biologics License Application (BLA) in the US under the 351(k) pathway. In April 2021, Biocon Biologics and Viatris received approval from European Commission for Abevmy® in the EU. Also, we received approval for bBevacizumab from the National Pharmaceutical Regulatory Agency (NPRA) in Malaysia.

- bAdalimumab: We have an economic interest in Hulio™ as a part of our three-way collaboration with Viatris and Fujifilm Kyowa Kirin Biologics. Hulio™ has been launched in the EU and has been approved by the US FDA, with launch expected in July 2023.
- bEtanercept: We have an economic interest in Nepexto® due to our three-way collaboration with Viatris and Lupin. Nepexto® was launched in the EU in August 2020.
- bGlargine: Semglee® was launched in the US in August 2020 through our partner Viatris. Semglee® has also been commercialized in the EU and Japan.
- bAspart: In February 2021, Biocon Biologics and Viatris received European Commission approval for Kixelle® in the EU. Also, we received approval for insulin Aspart from the National Pharmaceutical Regulatory Agency (NPRA) in Malaysia. The BLA filing for insulin Aspart in the US is under review.
- Recombinant Human Insulin (rHI): We have commercialized recombinant human insulin in several emerging markets worldwide. We are developing the product for the US market, considering the positive FDA draft guidance for insulin biosimilars under the 351(k) pathway.

Improving patient access to high-quality, affordable products for chronic conditions such as diabetes and oncology are core to Biocon Biologics' mission. We are working on the "Mission 10 cents" initiative, which aims to enable equitable access to rHI by offering it at less than 10 US cents a day for Low/Middle-Income Countries (LMICs). In FY21, we signed agreements with two municipalities in the Philippines. Besides, we signed an MoU with the Christian Social Services Commission (CSSC), a faith-based organization active in Africa that works closely with the government and international and national partners to facilitate health and education services. Tanzania will be the first country in Africa to benefit from this collaboration between Biocon Biologics and CSSC.

Moreover, Biocon Biologics partnered with The International Diabetes Federation (IDF) as the first biosimilar insulins company to promote and support IDF's Core Mission initiative and activities. Biocon Biologics has also signed an agreement with the Clinton Health Access Initiative (CHAI) to expand access to life-saving cancer biosimilars as a part of the Cancer Access Partnership (CAP). Biocon Biologics aims to deliver substantial savings to healthcare systems by enhancing access and availability of these high-quality, affordable biosimilar cancer therapies in 25 countries in Africa and five countries in Asia. We will initially supply bTrastuzumab and bPegfilgrastim as a part of this agreement.

In FY21, we collaborated with Voluntis, a digital therapeutics leader, to develop and distribute innovative digital therapeutics, supporting people with diabetes on biologics therapy. It enables us to offer a US FDA-cleared and CE-marked digital therapeutic product, Insulia®, to Type 2 diabetes patients. Insulia® provides automated insulin dose recommendations enabling people with diabetes to self-manage their condition and healthcare teams to monitor progress remotely. It is the first digital therapeutic with regulatory clearance to provide automated titration recommendations for all basal insulins.

In manufacturing, our investment strategy is to build capacity in a modular manner, in-line with our projection of market opportunity. This has allowed us to scale up capacity in response to a higher-than-expected demand, even as we balance exposure to any underutilized capacity and costs in the early phase. We will continue to expand our manufacturing capacities to address volume growth on account of increased penetration of our products in developed and emerging markets and support new biosimilar pipeline development and launches. Our manufacturing facilities in Bengaluru and Johor are already approved by several key regulatory agencies including the US FDA, EMA, etc. In May 2020, we received EU GMP certification for our manufacturing facility at Bengaluru's Biocon Park, which is used to manufacture Pegfilgrastim, Trastuzumab, and Bevacizumab Drug Substance and Drug Product. In the beginning of FY21, US FDA had closed the inspection of our Malaysia facility for insulin glargine, following which the New Drug Application (NDA) was approved in June 2020. We have built a 340,000-square feet mAbs Drug Substance facility located in Biocon Park (B3) which is one of the largest mAbs manufacturing facility in India in terms of built area for a single building/site, wherein we have invested ~$120 million. We have built this facility in a sustainable manner to ensure maximum energy conservation.

In continuation to the investment of $75 million by Activ Pine LLP, an affiliate of True North Fund, in Biocon Biologics Limited in FY20, we received additional investments of $255 million from Tata Capital Growth Fund II, (Goldman Sachs) – 1 and Beta Oryx Limited, an affiliate of ADQ in FY21. Activ Pine's equity infusion was for a 2.44% stake at an equity valuation of $3 billion on a pre-money basis. In July 2020, Tata Capital Growth Fund invested ₹225 crore (~$30 million) for a 0.85% stake, valuing Biocon Biologics at an equity valuation of ₹26,250 crore (~$3.5 billion). Goldman Sachs issued Optionally Convertible Debentures (OCD) worth ₹1,125 crore (~$150 million) at a post-money equity valuation of $3.94 billion.

Abu Dhabi-based ADQ invested ₹555 crore (~$75 million) for a 1.80% stake, valuing Biocon Biologics at a post-money valuation of ~$4.17 billion. Biocon Ltd will hold an 89.89% stake in Biocon Biologics on a fully diluted basis after completion of these transactions (including investment made by Goldman Sachs). The capital raised is being used for investment in capex, R&D, operational expenses, and redemption of Biocon Limited's preference shares in Biocon Biologics.

The investment validates Biocon Biologics' science, scale, scope, strategy, and business prospects. It also reflects a high level of conviction in Biocon Biologics' position as a global frontrunner in biosimilars, which leverages its large-scale manufacturing capabilities to shift the access paradigm for these life-saving therapies.

Financial Performance - An Overview

Consolidated Balance Sheet

The following table highlights the Consolidated Balance Sheet as on March 31, 2021 (FY21) and March 31, 2020 (FY20)

All figures in ₹ million

Particulars	FY 21	FY20	Change
Assets			
Non-current assets			
Tangible, Intangible and Right-of-use assets	54,801	47,981	14%
Financial assets	143	187	(24)%
Income-tax assets (net)	776	941	(18)%
Deferred tax assets (net)	1,414	1,261	12%
Other non-current assets	1,347	809	67%
	58,481	**51,179**	**14%**
Current assets			
Inventories	12,437	7,864	58%
Financial assets	18,038	9,807	84%
Other current assets	1,774	1,593	11%
	32,249	19,264	67%
Total	**90,730**	**70,443**	**29%**
Equity and Liabilities			
Equity share capital	10,588	2,060	414%
Other equity	7,223	5,396	34%
	17,811	**7,456**	**139%**
Non-current liabilities			
Financial liabilities	26,524	17,721	50%
Deferred tax liability (net)	793	713	11%
Provisions and other non-current liabilities	8,114	7,983	2%
	35,431	**26,417**	**34%**
Current liabilities			
Financial liabilities	35,783	35,461	1%
Income -tax liability (net)	411	285	44%
Provisions and other current liabilities	1,294	824	57%
	37,488	36,570	3%
Total	90,730	70,443	29%

Non-current assets

Non-current assets grew 14%, primarily due to additions in tangible assets and capitalization of product development expenses. Additions to tangible assets pertain primarily to plant and equipment and research and development equipment.

Equity share capital

Equity share capital increase in FY21 is attributable to bonus issue and equity infusion by Tata Capital Growth Fund II and Beta Oryx Limited

Other equity

Other equity mainly comprise of securities premium, reserves and surplus, equity component of preference shares, optionally convertible debentures and other reserves. The total other equity of the company increased by 34% in FY21, primarily due to profit accumulation and premium on equity infusion during the year.

Non-current liabilities

Non-current liabilities increased by 34% in FY21, primarily due to new term loans from Banks and issue of optionally convertible debentures to Goldman Sachs. Funds were used for capex expansion, research and development expenses and other operating activities.

Working capital (current assets less current liabilities)

As at March 31, 2020 the Company had negative working capital of ₹ 17,306 primarily due to classification of Preference Shares issued to Biocon Limited as current liabilities (₹ 17,864), excluding which working capital was positive ₹ 558. Likewise comparison for working capital as on March 31, 2021 was at ₹ 7,625 (i.e. excluding classification of Preference share to Biocon Limited). The improved working capital is on account of higher balances with Bank, current investments and higher inventories.

Debt equity

Total debt as at March 31, 2021 stood at ₹ 35,418 mn (Refer note 32 of the Consolidated Financial Statements of Biocon Biologics Limited) and the debt equity ratio stood at 1.15. No material changes that may affect the financial position of the Group, have occurred after the close of the year, until date of Directors Report.

Consolidated Statement of Profit and Loss

The following table highlights key components of the statement of Profit and Loss for the fiscal years ended March 31, 2021 (FY21) and March 31, 2020 (FY20)

All figures in ₹ million

Particulars	FY21	FY20	Change
Total Revenue	28,036	23,320	20%
Expenses			
Cost of material consumed	7,254	5,019	45%
Employee benefit expense	6,106	5,044	21%
Finance costs	372	828	(55)%
Depreciation and amortisation expense	3,430	2,641	30%
R&D expenses, net of recovery from co-development partners	2,840	1,770	60%
Other expenses	4,388	3,806	15%
Total Expenses	24,390	19,108	28%
Profit before tax and exceptional item	3,646	4,212	(13)%
Exceptional item	(226)	(38)	495%
Profit before tax	3,420	4,174	(18)%
Tax expense	745	1,001	(26)%
Profit attributable to shareholders of the Company	2,675	3,173	(16)%
Other comprehensive income attributable to shareholders	(449)	642	(170)%
Total comprehensive income attributable to shareholders	2,226	3,815	(42)%

Revenue

During the year, revenues grew by 20% on a consolidated basis from ₹ 23,320 mn to ₹ 28,036 mn, primarily due to launch of Glargine in developed markets and higher revenues from Trastuzumab which was launched in the developed markets in November 2019. Branded Formulations segment has grown by 4% during the year.

Cost of materials consumed

Material costs for the year comprised of raw materials, packing materials, traded goods and change in inventories. In FY21, cost of material consumed, as a percentage of revenue from operations increased by ~4% as compared to FY20.

Employee benefit expenses

Our employee benefit expenses comprise the following items:

- Salaries, wages, allowances and bonuses
- Contributions to Provident Fund
- Contributions to gratuity provisions
- Amortisation of employees' stock compensation expenses, and welfare expenses (including employee insurance schemes)

These expenses increased 21% in FY21, primarily due to headcount increase driven by growth in business.

Research and development expenses, net of recovery

The net R&D expenditure for FY21 increased 60% to ₹ 2,840 mn (₹ 1,770 mn in FY20). Total spend was at ~10% (8% in FY20) of revenue.

Depreciation and amortization

During this fiscal, depreciation and amortization increased 30% to ₹ 3,430 mn from ₹ 2,641 mn in FY20, primarily due to commissioning of new facilities and amortization of intangible assets.

Finance costs

The finance cost decreased 55% to ₹ 372 mn from ₹ 828 mn in FY20, primarily due to capitalisation of general borrowing cost and repayment of long-term borrowings which is partly offset by interest on new term loans taken and debentures issued during the year.

Exceptional items (net)

The Exceptional items during the year (FY21) comprised the following:

1. The Company has paid registration fees for increasing authorise share capital of the Company and stamp duty fees on issue of such shares, amounting to ₹ 5 mn is recorded as exceptional item in the financial statements. Consequential tax of ₹ 1 mn is included within tax expense.
2. The Company had incurred severance cost amounting to ₹ 221 mn arising from exit of certain key personnel which is recorded as exceptional item in the financial statements. Consequential tax of ₹ 27 mn is included within tax expense.

Other comprehensive income

Other comprehensive income includes re-measurement gains/losses on defined benefit plans, gains/losses on hedging instruments designated as cash flow hedges and exchange differences on translation of foreign operations (FCTR). The decrease is primarily due to higher losses on hedging instruments in FY21 as compared to the previous year and FCTR loss of ₹ 145 mn in FY21 as against gain of ₹ 783 mn in FY20.

Key financial ratios

Particulars	FY21	FY20	Change
Debtors turnover	4.66	6.55	(29)%
Inventory turnover	0.58	0.64	(9)%
Interest coverage ratio	5.66	7.80	(27)%
Current ratio **	1.31	1.03	27%
Debt equity ratio ^^	1.15	0.91	27%
Operating profit margin (%) #	14%	21%	(37)%
Net profit margin (%) *	10%	14%	(24)%
Return on net worth (%) ^ & ^^	10%	13%	(25)%

** Current liabilities exclude NCRPS and OCRPS liability

^^ Equity includes Non-Convertible Redeemable Preference Shares ("NCRPS") and Optionally Convertible Redeemable Preference Shares ("OCRPS") issued to Biocon Limited

Operating margin is defined as profit before interest and taxes

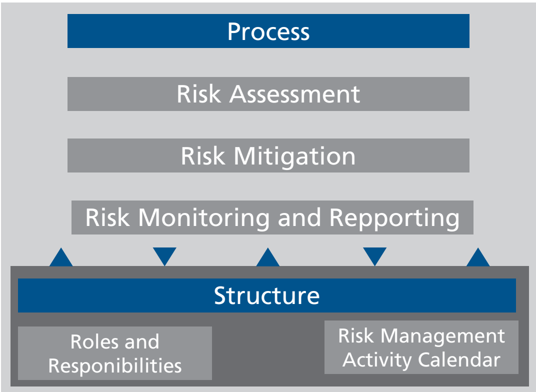
* Net Profit before exceptional expense and tax thereon

^ Net Profit before exceptional income and tax thereon as a percentage of equity

Risks, Threats and Concerns

Risk is a potential event or non-event, the occurrence or non-occurrence of which, can adversely affect the objectives or strategy of the Company or result in opportunities being missed. A risk could be categorized into financial, operational, strategic, regulatory/statutory, reputational, political, catastrophic/ pandemic etc.

Our risk management process



Risk management is a structured, consistent and continuous process across the entire organization for identifying, assessing, deciding on responses to and reporting on opportunities and threats that may affect the achievement of its objectives.

Risk management does not aim at eliminating the risks, as that would simultaneously eliminate all chances of rewards/ opportunities. Instead it is focused at ensuring that these risks are known and addressed through a pragmatic and effective risk management process.

The risk management process at Biocon Biologics consists of the following three steps:

1. Risk assessment
2. Risk mitigation
3. Risk monitoring and reporting

An effective risk management process entails these three steps being aligned with regular operations of the enterprise to ensure relevant and timely reporting and action on all risks which the organization faces. In the process of risk assessment, the risks which the organization faces from time to time gets identified and prioritized.

Risk mitigation is the process of initiating responsive action for managing the key risks which the organization faces and restricting them at a tolerable level. The entire process can be broken down into "4T":

1. Treat (Mitigation)
2. Terminate
3. Transfer
4. Take (Acceptance)

The risk monitoring and reporting process is aimed at assuring the management that risks have been adequately identified and prioritized and significant risks are well managed. The Risk Management committee reviews the critical risks, gross exposure, mitigation action status and their net exposure on a periodic basis.

The global pharma industry due to the nature of business carried out is potentially exposed to inherent risks such as product safety & quality issues, intellectual property tangles, inappropriate marketing practices etc. thereby leading to penalties, product recalls, brand loss and revenue loss. The regulatory landscape of the international pharma industry is complex and dynamic, which poses additional challenges. The primary industry driver is patient health and safety even as regulatory approach to patient protection may vary from market to market. Besides rapid change what also impacts the industry landscape is increased scrutiny, sophisticated risk-monitoring techniques and coordination across agencies & regions. In such a context, it is imperative to respond with a holistic risk mitigation framework.

The Company is committed to conducting business in accordance with all applicable statutory laws, government notifications and regulations, and pursuing its core organizational values. Our established risk management framework addresses financial, operational, strategic, regulatory/ statutory, reputational, political, catastrophic/ pandemic risks that are inherent to the pharma business and impact our strategic goals. Risk management, coupled with a robust internal control framework, help the Company emphasize qualitative consistency, employee safety and long-term sustainability.

The global pharma business is marked by a variety of risks. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programs. The digitization and proliferation of electronic medical records, networked medical devices, mobile health applications, cloud-based technologies and data-sharing among industry stakeholders have increased the complexity of managing information assets, particularly protected/patient health information and intellectual property. The success of new products in the global pharmaceutical industry will more than offset global pricing pressures, supporting an outlook change from stable to positive for the industry.

Although the comprehensive eradication of risks associated with the business of the Company is unfeasible, constant efforts are made to analyze their potential impact, assess the changes to risk environment and define actions to mitigate their adverse impact. The Company has implemented a precise methodology entailing the timely identification, analysis and assessment of risks and their potential consequences, formulation of specific mitigation strategies and seamless execution. An enterprise-wide risk evaluation and validation process is conducted regularly and reviewed by the Risk Management committee and Board of Directors.

In addition to the above, the key risks relating to our current operations, which we believe could cause our actual results to differ materially from expected and historical results, include human capital risk such as loss of key personnel, timely non-replenishment of critical vacant roles with the apt skillset, concentration or reliance on third party sole suppliers or service providers including regional supplier reliance, risk of our R&D programs failing or not getting completed in a timely manner, risk of inability to address the regulatory queries on various filings made, risk of non-adherence to good manufacturing practices on an ongoing basis, risk arising out of strategic co-development arrangements with a partner, disruption of operations or loss of information from natural disasters or pandemics, risk arising out of strategic projects where significant investments are made, foreign exchange fluctuations, changing global political and regulatory landscape, continued adherence to environment & safety related requirements, critical information loss or cyber-attacks, losses due to treasury activities, failure to report accurate financial information in compliance with accounting standards and applicable legislation, change in Company strategy amongst others.

Note on COVID-19 related risks

During these unprecedented times, pharma companies are required to respond to the challenges or risks arising due to COVID-19 pandemic. If the current COVID-19 pandemic lasts for a medium/long span of time, it can potentially have a negative impact on operations resulting from reasons such as extended lockdown impacting manufacturing and R&D operations, forced shutdown in case our employees contact the disease, restrictions of inter-state and international logistics, non-availability of materials from other countries, inability to generate demands from our customers due to significantly reduced business development activities, challenges in adhering to the good manufacturing practices due to skeletal staff as well as delay on projects/programs not related to the core supply chain operations. Potential for critical data loss/ cyber-attacks also have increased, considering remote working option adopted by most of the companies. While Pharma industry is considered as essential services and allowed to have minimal number of personnel continue the operations, it is imperative to adhere to all precautionary measures to ensure safety of the employees attending operations and avoid any contamination. While the full impact of the global pandemic is still unknown, pharma companies need to respond, recover and thrive.

At Biocon Biologics, an assessment of risks triggered due to COVID-19 pandemic was carried out and critical levers to support enterprise resilience were identified. These included focus on overall people safety, transparent communication, focus on continued critical operations such as procurement, production, sales and disposal of waste, focus on compliance and governance, relooking at cash and liquidity management in the changing circumstances and prioritization/ rationalization of spends. Furthermore, remote working and cyber security, safe plant operations, impact assessment on R&D, and availability of insurance coverage and contract liabilities were evaluated. Key mitigation actions were put in place to support implementation of business continuity plans and continued safe operations.

Internal Controls

The Company is responsible for establishing and maintaining adequate and effective internal controls and the preparation & presentation of financial statements, including assertions on the internal financial controls in accordance with a broad criteria that it has set for itself.

A robust, comprehensive internal control system is a prerequisite for an organization to function ethically which is commensurate with its abilities and objectives. We have established a strong internal control system for the Company, which is comprised of policies, guidelines and procedures adopted by the Company to ensure the orderly and efficient business conduct, including adherence to policies, asset safeguarding, fraud cum error prevention & detection, accounting records accuracy & completeness, and the timely preparation and presentation of reliable financial information.

This internal control system is aimed at providing assurance of our operational effectiveness and efficiency, compliance with laws & regulations, asset safeguarding & reliability of financial and management reporting.

The Company is staffed by experienced qualified professionals who play an important role in designing, implementing, maintaining and monitoring the internal control environment.

An independent firm of Chartered Accountants performs periodic internal audits to provide a reasonable assurance of internal control effectiveness and advises the Company on industry-wide best practices. The Audit Committee, consisting of Independent Directors, reviews important issues raised by the internal and statutory auditors on a regular basis and status of rectification measures to ensure that risks are mitigated appropriately on a timely basis.

Outlook

The new financial year comes with a new set of challenges in the midst of the ongoing COVID-19 pandemic. However, we are confident of emerging from the current situation stronger and more determined than ever to deliver on our commitments to our partners and patients.

Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

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

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the director's report, but does not include the standalone financial statements and our Auditor's Report thereon.

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

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

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the 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 Standalone Financial Statements

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

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

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

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

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

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

We communicate with those charged with governance 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 (Auditors’ Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143 (11) of the Act, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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:

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 31 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

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

In our opinion and according to the information and explanation given to us, during the current year, the remuneration paid by the Company to its directors is in accordance with the provisions of Section 197 of 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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 21060573AAAABV6935

Place: Bengaluru
Date: 27 April 2021

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of Company. In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the standalone financial statements, the lease agreements are in the name of the Company.

(ii) Inventories apart from goods in transit and inventories lying with outside parties have been physically verified by the Management during the year and the discrepancies noticed on such verification between the physical stock and book records were not material. In our opinion, the frequency of such verification is reasonable. Inventories lying with outside parties have been confirmed by them on test basis as at the year-end and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to the investment made. Further, there are no loans, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable.

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of any disputes, other than those set out in Appendix I.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders. The Company did not have any borrowings during the year from financial institutions or Government.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the year. The term loans raised by the Company have been applied for the purpose for which they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 42 of the Companies Act 2013, in respect of preferential allotment during the year. Further according to the information and explanation given to us and based on our examination of the records of the Company, we report that the amounts raised have been used for the purpose for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 21060573AAAABV6935

Place: Bengaluru
Date: 27 April 2021

Appendix I referred to in paragraph vii (b) of Annexure A to the Independent Auditor's Report

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	988	166	FY 2009-10, FY 2015-16 and FY 2017-18	Commissioner (Appeals)
Entry Tax (The West Bengal Tax on Entry of goods into Local Areas Act, 2012)	Entry Tax	20	20	FY 2012-13 to FY 2016-17	High Court of West Bengal
Value Added Tax Act, 2005	Value Added Tax	2	1	FY 2005-06	Commissioner appeals
Value Added Tax Act, 2005	Value Added Tax	19	3	FY 2008-09 to FY 2014-15	Joint Commissioner Appeals
Central Sales Tax Act 1956	CST	38	1	FY 2008-09 to FY 2014-15	Joint Commissioner Appeals

Annexure B to the Independent Auditors' report on the standalone financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) for the period ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Biocon Biologics Limited (formerly known as Biocon Biologics India Limited) ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 21060573AAAABV6935

Place: Bengaluru
Date: 27 April 2021

STANDALONE BALANCE SHEET as at March 31, 2021

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

	Note	March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	6,793	4,684
Capital work-in-progress	3(a)	15,924	11,526
Intangible assets	4	90	85
Right-of-use assets	3(b)	1,730	2,093
Financial assets			
(i) Investments	5(a)	18,051	10,810
(ii) Derivative assets		26	-
(iii) Other financial assets	6(a)	49	26
Income-tax asset (net)		776	941
Deferred tax asset (net)	7	1,040	804
Other non-current assets	8(a)	1,201	608
Total non-current assets		45,680	31,577
Current assets			
Inventories	9	9,074	5,428
Financial assets			
(i) Investments	5(b)	3,330	-
(ii) Trade receivables	10	2,669	9,192
(iii) Cash and cash equivalents	11	1,891	1,540
(iv) Bank balance other than (iii) above	11	2,000	-
(v) Derivative assets		103	-
(vi) Other financial assets	6(b)	2,221	65
Other current assets	8(b)	1,466	1,187
Total current assets		22,754	17,412
TOTAL		68,434	48,989
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12(a)	10,588	2,060
Other equity	12(b)	9,905	8,093
Total equity		20,493	10,153
Non-current liabilities			
Financial liabilities			
(i) Lease liability	27	1,527	1,965
(ii) Borrowings	13	21,283	5,650
(iii) Derivative liability		384	-
Provisions	14(a)	270	227
Other non-current liabilities	15(a)	904	975
Total non-current liabilities		24,368	8,817
Current liabilities			
Financial liabilities			
(i) Lease liability	27	438	254
(ii) Borrowings	16	2,782	2,733
(iii) Trade payables	17		
Total outstanding dues of micro and small enterprises		453	98
Total outstanding dues of creditors other than micro and small enterprises		4,873	5,015
(iv) Derivative liability		179	57
(v) Other financial liabilities	18	14,195	21,201
Provisions	14(b)	357	354
Income tax liabilities (net)		-	34
Other current liabilities	15(b)	296	273
Total current liabilities		23,573	30,019
TOTAL		68,434	48,989

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 27, 2021

for and on behalf of **the Board of Directors of Biocon Biologics Limited**
(formerly known as "Biocon Biologics India Limited")

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Standalone Statement of Profit and Loss for the year ended March 31, 2021

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

	Note	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	19	19,408	17,688
Other income	20	63	223
Total income		19,471	17,911
EXPENSES			
Cost of raw materials and packing materials consumed	21	7,424	5,182
Purchases of traded goods		688	845
Changes in inventories of traded goods, finished goods and work-in-progress	22	(1,823)	(850)
Employee benefits expense	23	4,235	3,729
Finance cost	24	369	321
Depreciation and amortisation expense	25	1,183	1,066
Other expenses	26	5,054	4,559
		17,130	14,852
Less: Recovery of cost from co-development partners (net)		(221)	(213)
Total expenses		16,909	14,639
Profit before exceptional item and tax		2,562	3,272
Exceptional items	37	(121)	(38)
Profit before tax		2,441	3,234
Tax expense	29		
Current tax		468	636
Deferred tax			
MAT credit entitlement		(261)	(180)
Other deferred tax		137	(105)
Total tax expense		344	351
Profit for the year		2,097	2,883
Other comprehensive income/(expense)			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(5)	(37)
Income tax effect		2	10
		(3)	(27)
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(487)	(57)
Income tax effect		110	17
		(377)	(40)
Other comprehensive income for the year, net of taxes		(380)	(67)
Total comprehensive income for the year		1,717	2,816
Earnings per share	34		
Basic (in ₹)		2.02	2.81
Diluted (in ₹)		1.95	2.72

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 27, 2021

for and on behalf of the Board of Directors of Biocon Biologics Limited
(formerly known as "Biocon Biologics India Limited")

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Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Standalone Statement of Changes in Equity for the year ended March 31, 2021

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

(A) Equity share capital

Particulars	March 31, 2021	March 31, 2020
Opening balance	2,060	457
Bonus shares issued during the year	8,242	-
Shares issued during the year	286	1,603
Closing balance	**10,588**	**2,060**

(B) Other equity

Particulars	Equity component of optionally convertible debentures	Securities premium	Reserves and surplus	SEZ reinvestment reserve	Amalgamation Adjustment [refer note 39]	Debenture redemption reserve	Capital Redemption Reserve	Other comprehensive income: Cash flow hedging reserve	Other comprehensive income: Other items of other comprehensive income	Shares pending allotment [refer note 39]	Total other equity
Balance at April 1, 2019	-	-	2,001	-	(2,920)	-	-	-	738	1,553	1,372
Adjustment pursuant to adoption of Ind AS 116, net of tax	-	-	(3)	-	-	-	-	-	-	-	(3)
Adjusted balance at April 01, 2019	-	-	1,998	-	(2,920)	-	-	-	738	1,553	1,369
Profit for the year	-	-	2,883	-	-	-	-	-	-	-	2,883
Other comprehensive income, net of tax	-		-	-	-	-	-	(40)	(27)	-	(67)
Total comprehensive income for the year	-	-	2,883	-	-	-	-	(40)	(27)	-	2,816
Transactions recorded directly in equity											
Changes on account of business combinations [refer note 39]	-	-	(1,126)	-	1,306	-	-	-	37	-	217
Shares pending allotment issued during the year	-	-	-	-	-	-	-	-	-	(1,553)	(1,553)
Premium received on issue of shares during the year	-	5,312	-	-	-	-	-	-	-	-	5,312
Share issue expense incurred during the year	-	(68)	-	-	-	-	-	-	-	-	(68)
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	(935)	935	-	-	-	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	935	(935)	-	-	-	-	-	-	-
Balance at March 31, 2020	-	5,244	3,755	-	(1,614)	-	-	(40)	748	-	8,093
Profit for the year	-	-	2,097	-	-	-	-	-	-	-	2,097
Other comprehensive income, net of tax	-	-	-	-	-	-	-	(377)	(3)	-	(380)
Total comprehensive income for the year	-	-	2,097	-	-	-	-	(377)	(3)	-	1,717
Transactions recorded directly in equity											
Utilised for issue of bonus shares during the year	-	(5,244)	(2,998)	-	-	-	-	-	-	-	(8,242)
Premium received on Issue of shares during the year	-	7,514	-	-	-	-	-	-	-	-	7,514
Share issue expense incurred during the year	-	(136)	-	-	-	-	-	-	-	-	(136)
Transfer to debenture redemption reserve	-	-	(1,325)	-	-	1,325	-	-	-	-	-
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	(223)	223	-	-	-	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	223	(223)	-	-	-	-	-	-	-
Transfer to Reserves and surplus	-	-	782	-	-	-	-	-	(782)	-	-
Transfer to Capital Redemption Reserve	-	-	(1,292)	-	-	-	1,292	-	-	-	-
Equity component of optionally convertible debentures	959	-	-	-	-	-	-	-	-	-	959
Balance at March 31, 2021	959	7,378	1,019	-	(1,614)	1,325	1,292	(417)	(37)	-	9,905

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 27, 2021

for and on behalf of **the Board of Directors of Biocon Biologics Limited**
(formerly known as "Biocon Biologics India Limited")

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Standalone Statement of Cash Flows for the year ended March 31, 2021

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

		Year ended March 31, 2021	Year ended March 31, 2020
I	**Cash flows from operating activities**		
	Profit for the year	2,097	2,883
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation expenses	1,183	1,066
	Unrealised foreign exchange gain	(67)	(69)
	Tax expense	344	351
	Finance costs	369	321
	Interest income	(6)	(3)
	Provision/(reversal) for doubtful debts, net	1	(6)
	Net gain on sale of current investments	(57)	(17)
	Exceptional item	-	38
	Operating profit before working capital changes	**3,864**	**4,564**
	Movements in working capital		
	Increase in inventories	(3,646)	(1,544)
	(Decrease)/Increase in trade receivables	6,289	(6,134)
	Increase in trade payables, other liabilities and provisions	296	2,919
	Increase in other assets	(3,302)	(1,001)
	Cash generated from/(used) in operations	**3,501**	**(1,196)**
	Income taxes paid (net of refunds)	(337)	(1,290)
	Net cash flow generated from/(used) in operating activities	**3,164**	**(2,486)**
II	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(7,543)	(5,789)
	Purchase of intangible assets	(33)	(63)
	Proceeds from sale of property, plant and equipment	-	5
	Purchase of equity shares of subsidiary	-	(10,810)
	Purchase of preference shares of subsidiary	(7,241)	-
	Proceeds from sale of current investments	28,144	16,661
	Purchase of investments	(31,417)	(16,644)
	Investment made in Fixed deposit with original maturity more than 3 months	(2,000)	-
	Payment towards business combinations	-	(7,675)
	Interest received	6	3
	Net cash flow used in investing activities	**(20,084)**	**(24,312)**
III	**Cash flows from financing activities**		
	Proceeds from issuance of preference shares	-	17,864
	Proceeds from issuance of equity shares (net of expenses)	7,664	5,294
	Proceeds from issuance of optionally convertible debentures (net of expenses)	11,016	-
	Proceeds from issuance of non convertible debentures	2,000	-
	Proceeds from long-term borrowings	3,500	3,090
	Repayment of long-term borrowings	(1,006)	(413)
	Repayment of preference shares	(5,000)	-
	Repayment of lease liabilities	(475)	(412)
	Proceeds of short-term borrowings (net)	105	2,657
	Interest paid	(526)	(194)
	Net cash flow generated from financing activities	**17,278**	**27,886**
IV	**Net increase in cash and cash equivalents (I + II + III)**	**358**	**1,088**
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	(7)	29
VI	Cash and cash equivalents at the beginning of the year	1,540	423
VII	**Cash and cash equivalents at the end of the year (IV + V + VI)**	**1,891**	**1,540**

	Year ended March 31, 2021	Year ended March 31, 2020
Reconciliation of cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents (Note 11)		
Balances with banks - on current accounts	1,851	1,540
Deposits with original maturity of less than 3 months	40	-
Balance as per statement of cash flows	**1,891**	**1,540**
Other bank balance		
Deposits with remaining maturity of less than 12 months	2,000	-
Total Cash and bank balance	**3,891**	**1,540**

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

	Opening balance April 1, 2020	Cash flows	Non -cash movement *	Closing balance March 31, 2021
Long-term borrowings (including current maturities)	24,520	10,510	(883)	34,147
Short-term borrowings	2,733	105	(56)	2,782
Interest accrued but not due	26	96	-	122
Total liabilities from financing activities	**27,279**	**10,711**	**(939)**	**37,051**

* includes equity component of Optionally convertible debentures ("OCD") amounting to ₹ 959. [Refer note 13 (e)]

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 27, 2021

for and on behalf of the Board of Directors of Biocon Biologics Limited
(formerly known as "Biocon Biologics India Limited")

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Notes to the standalone financial statements for the year ended March 31, 2021

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

1. Company Overview

1.1 Reporting entity

Biocon Biologics Limited ("BBL" or "the Company") (formerly known as "Biocon Biologics India Limited"), a subsidiary of Biocon Limited, was incorporated on June 8, 2016 under the Companies Act, 2013 as a public limited company. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company is engaged in manufacture and development of pharmaceutical formulations.

Consequent to the approvals received from the Board of Directors on October 26, 2017 and from the shareholders on November 21, 2017, the Company has acquired the business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 [refer note 39 (a)].

Also, consequent to the approval received from the Company's Board of Directors on June 17, 2019, the Company acquired Branded Formulations (BFI) business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 [refer note 39 (a)].

On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement ("the Scheme") for merger of Biocon Research Limited ("BRL" or "the Transferor") with the Company ("the Transferee") under Section 230 to 232 of Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019 [refer note 39 (b)].

1.2 Basis of preparation of financial statements

a) *Statement of compliance*

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

These standalone financial statements have been prepared for the Company as a going concern basis of relevant Ind AS notwithstanding the fact that it has net current liabilities position of ₹ 819 as at March 31, 2021 primarily on account of classification of Non Convertible Redeemable Preference Shares ("NCRPS") and Optionally Convertible Redeemable Preference Shares ("OCRPS") issued to Holding Company as financial liabilities amounting to ₹ 2,054 and ₹ 10,810, respectively. Outstanding NCRPS and OCRPS issued to Holding Company are for a tenure of 10 years from the date of issue and are disclosed under current maturities of long-term borrowings. NCRPS is repayable on demand. However, the OCRPS is convertible into variable number of shares on demand but is not repayable in cash within the next twelve months. Hence excluding the OCRPS liability, the Company has a positive working capital which is sufficient to meet its current liquidity requirements. Further, the Company during the year has raised funds through issuance of fresh equity shares (refer note 12) and debentures (refer note 13) from external investors (net of issue expense) amounting to ₹ 7,664 and ₹ 13,016, respectively.

These standalone financial statements were authorised for issuance by the Company's Board of Directors on April 27, 2021.

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

b) *Functional and presentation currency*

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

c) *Basis of measurement*

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

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;

d) *Use of estimates and judgements*

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 31 — Financial instruments;
- Note 2(b), 2(c), 2(d) and 3 — Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(n) and 27 — Lease classification;
- Note 2(h) and 30 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 2(l), 29 and 33 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets;
- Note 2(j) and 19 — Revenue recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021 is included in the following notes:

— Note 2(g)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;

— Note 7 and 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 30 – measurement of defined benefit obligation: key actuarial assumptions;

— Note 31 – impairment of financial assets; and

— Note 14 and 33 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

— Note 2(a) and 31 – financial instruments.

2 Significant accounting policies

a. Financial instruments

i. *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

ii. *Classification and subsequent measurement*

Financial assets

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

— amortised cost;

— Fair value through other comprehensive income (FVOCI) – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

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

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 31 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

vi. *Investments in subsidiaries*

Equity investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

vii. *Cash and cash equivalents*

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

viii. *Cash dividend to equity holders*

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

b. Property, plant and equipment

i. *Recognition and measurement*

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

ii. *Depreciation*

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

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Roads	5 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	

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

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

iii. Reclassification to investment property

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

c. Intangible assets

Internally generated: Research and development

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

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

Others

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

i. Subsequent expenditure

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

ii. Amortisation

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

— Computer software	3-5 years
— Marketing and Manufacturing rights	5-10 years
— Developed technology rights	5-10 years

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

d. Investment property

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

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

e. Business combination

In accordance with Ind AS 103, Business combinations, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

Business combinations – common control transaction

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

f. Inventories

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

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

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

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

g. Impairment

i. Impairment of financial assets

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

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

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

ii. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

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

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

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

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

h. Employee benefits

i. Gratuity

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

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

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

ii. Provident Fund

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

iii. Compensated absences

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

iv. Share-based compensation

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

i. Provisions (other than for employee benefits)

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

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

j. Revenue from contracts with customers

i. Sale of goods

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

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

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

ii. *Milestone payments and out licensing arrangements*

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

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

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

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

iii. *Research services*

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

iv. *Royalty income and profit share*

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

v. *Sales Return Allowances*

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

vi. *Dividends*

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

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

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

viii. *Interest income and expense*

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

ix. Export incentive accrual

Income in respect of entitlement towards export incentives is recognised in accordance with the relevant scheme on recognition of the related export sales.

k. Government grants

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

l. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements except when:

— taxable temporary differences arising on the initial recognition of goodwill;

— temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

— temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

m. 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.

n. Leases

(i) The Company as lessee:

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

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

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

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

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

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

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

o. Earnings per share

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

p. Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle. All assets and liabilities have been classified as current and non-current as per the Company's Operating cycle.

q. Recent accounting developments

MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting April 1, 2021. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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

	Building	Leasehold improvements	Plant and equipment [Refer note (a)]	Research and development equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
Gross carrying amount								
At April 01, 2019	12	3	7,164	1,197	118	8	8,502	5,972
Additions	-	14	817	363	18	17	1,229	6,783
Disposals/transfers	-	-	-	-	-	(6)	(6)	(1,229)
At March 31, 2020	12	17	7,981	1,560	136	19	9,725	11,526
Additions	-	52	2,183	571	117	6	2,929	7,327
Disposals/transfers	-	-	-	-	-	-	-	(2,929)
At March 31, 2021	12	69	10,164	2,131	253	25	12,654	15,924
Accumulated depreciation								
At April 01, 2019	4	3	3,456	765	75	1	4,304	-
Depreciation for the year [refer note (f)]	-	1	608	113	13	3	738	-
Disposals	-	-	-	-	-	(1)	(1)	-
At March 31, 2020	4	4	4,064	878	88	3	5,041	-
Depreciation for the year [refer note (f)]	-	4	667	128	17	4	820	-
Disposals	-	-	-	-	-	-	-	-
At March 31, 2021	4	8	4,731	1,006	105	7	5,861	-
Net carrying amount								
At March 31, 2020	8	13	3,917	682	48	16	4,684	11,526
At March 31, 2021	8	61	5,433	1,125	148	18	6,793	15,924

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

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

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

(d) Borrowing cost capitalised during the year amounted to ₹ 699 (March 31, 2020: ₹ 504).

(e) Refer note 33 for contractual commitments for purchase of property, plant and equipment.

(f) Depreciation for Building are not presented since the amounts are rounded off to Rupees million.

3 (b). Right-of-use assets

	Land	Buildings	Plant & machinery	Total
Gross carrying amount				
At April 01, 2019	-	-	-	-
Additions	53	1,297	1,064	2,414
At March 31, 2020	53	1,297	1,064	2,414
Additions	-	-	-	-
At March 31, 2021	53	1,297	1,064	2,414
Accumulated depreciation				
At April 01, 2019	-	-	-	-
Depreciation for the year*	5	156	160	321
At March 31, 2020	5	156	160	321
Depreciation for the year*	5	183	175	363
At March 31, 2021	10	339	335	684
Net carrying amount				
At March 31, 2020	48	1,141	904	2,093
At March 31, 2021	43	958	729	1,730

*includes ₹ 28 capitalised during the year (March 31, 2020: ₹ 14).

4. Intangible assets

	Computer software
Gross carrying amount	
At April 01, 2019	101
Additions	63
At March 31, 2020	164
Additions	33
At March 31, 2021	197
Accumulated amortisation	
At April 01, 2019	58
Amortisation for the year	21
At March 31, 2020	79
Amortisation for the year	28
At March 31, 2021	107
Net carrying amount	
At March 31, 2020	85
At March 31, 2021	90

(a) Refer note 33 for contractual commitments for purchase of intangible assets.

	March 31, 2021	March 31, 2020
5. Investments		
(a) Non-current		
Unquoted equity instruments		
In subsidiary company at cost:		
Biocon Biologics UK Limited (Formerly known as Biocon Biologics Limited) - 116,771,297 (March 31, 2020 : 116,771,297) equity shares of GBP 1 each	10,810	10,810
Unquoted preference shares		
In subsidiary company at cost:		
Biocon Biologics UK Limited (Formerly known as Biocon Biologics Limited)		
Optionally convertible redeemable-non cumulative preference shares of USD 1 each 100,000,000 (March 2020 - Nil shares) fully paid	7,241	-
	18,051	10,810
Aggregate value of unquoted investments	18,051	10,810
Aggregate amount of impairment in value of investments	-	-
[Also refer note 28 for details on related party transactions]		
(b) Current		
Quoted - Investment in mutual funds at fair value through profit or loss * :		
Axis Overnight Fund Direct - Growth 567,009 units (March 31, 2020: Nil units)	617	-
ICICI Liquid Fund DP - Growth 750,031 units (March 31, 2020: Nil units)	229	-
ICICI Overnight Fund DP - Growth 5,286,783 units (March 31, 2020: Nil units)	587	-
SBI Liquid Fund Direct - Growth 70,272 units (March 31, 2020: Nil units)	226	-
SBI Overnight Fund Direct - Growth 184,014 units (March 31, 2020: Nil units)	617	-
Tata Liquid Fund Direct Plan - Growth 64,755 units (March 31, 2020: Nil units)	210	-
UTI Overnight Fund Direct - Growth 218,893 units (March 31, 2020: Nil units)	617	-
UTI Liquid Cash Plan Direct - Growth 67,498 units (March 31, 2020: Nil units)	227	-
	3,330	-
*units are presented in full numbers		
Aggregate market value of quoted investments	3,330	-
The Company's exposure of credit and currency risks, and loss allowances are disclosed in notes 31.		
6. Other financial assets		
(a) Non-current		
Deposits	49	26
	49	26
(b) Current		
Unbilled revenue [refer note 28]	1,995	-
Other receivables (considered good - Unsecured):		
Related parties [refer note 28]	-	65
Others	226	-
	2,221	65

	March 31, 2021	March 31, 2020
7. Deferred tax assets		
Deferred tax liability		
Property, plant and equipment and intangible assets	120	-
Derivative assets	38	-
Gross deferred tax liability	158	-
Deferred tax assets		
Property, plant and equipment and intangible assets	-	50
MAT credit entitlement	816	555
Employee benefit obligations	71	69
Allowance for doubtful debts	8	8
Derivative liability	165	17
Deferred revenue	46	29
Lease obligation	52	36
Others	40	40
Gross Deferred tax assets	1,198	804
Net deferred tax asset	1,040	804
8. Other assets		
(Unsecured considered good, unless otherwise stated)		
(a) Non-current		
Capital advances	142	380
Duty drawback receivable	13	39
Balances with statutory/government authorities	293	86
Prepayments	753	103
	1,201	608
(b) Current		
Advance to suppliers	148	184
Export incentive receivable	386	356
Balances with statutory/government authorities	737	459
Prepayments	195	188
	1,466	1,187
9. Inventory		
Raw materials, including goods-in-bond *	2,379	1,103
Packing materials	1,259	712
Work-in-progress	3,450	1,812
Finished goods	1,765	1,557
Traded goods	221	244
	9,074	5,428

*includes goods in-transit ₹ 52 (March 31, 2020: ₹ 17)

Write-down of inventories to net realisable value and provision for stock obsolescence amounted to ₹ 249 (March 31, 2020: ₹ 257). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

	March 31, 2021	March 31, 2020
10. Trade receivables		
Current		
(a) Trade Receivables considered good - Unsecured [also refer note 28]	2,669	9,192
(b) Trade Receivables - credit impaired	27	26
	2,696	**9,218**
Allowance for credit loss	(27)	(26)
	2,669	**9,192**
The Company's exposure to credit and currency risks, and loss allowances are disclosed in Note 31.		
11. Cash and bank balance		
Cash and cash equivalents		
Balances with banks:		
On current accounts	1,851	1,540
Deposits with original maturity of less than 3 months	40	-
Cash on hand [refer note (a) below]	-	-
	1,891	**1,540**
Other bank balance		
Deposits with remaining maturity of less than 12 months	2,000	-
	2,000	**-**
Total Cash and bank balance	**3,891**	**1,540**

(a) The Company has cash on hand which are not disclosed above since amounts are rounded off to Rupees million

	March 31, 2021	March 31, 2020
12(a). Share capital		
Authorised		
1,500,000,000 (March 31, 2020: 1,050,050,000) equity shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	15,000	10,501
2,000,000,000 (March 31, 2020: 2,000,000,000) preference shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	20,000	20,000
Issued, subscribed and fully paid-up share capital		
1,058,849,676 (March 31, 2020: 206,043,983) equity shares of ₹ 10 each	10,588	2,060
205,420,000 (March 31, 2020: 705,420,000) Non Convertible Redeemable Preference Shares ("NCRPS") of ₹ 10 each	2,054	7,054
1,081,000,000 (March 31, 2020: 1,081,000,000) Optionally Convertible Redeemable Preference Shares ("OCRPS") of ₹ 10 each	10,810	10,810
	23,452	19,924
Less : Preference share capital classified as a financial liability (refer note 13)	(12,864)	(17,864)
Equity share capital	10,588	2,060

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

(a) Equity shares	March 31, 2021		March 31, 2020	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	206,043,983	2,060	45,718,520	457
Issued during the year	852,805,693	8,528	160,325,463	1,603
Outstanding at the end of the year	1,058,849,676	10,588	206,043,983	2,060

(b) Non convertible redeemable preference shares	March 31, 2021		March 31, 2020	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	705,420,000	7,054	-	-
Issued during the year	-	-	705,420,000	7,054
Redeemed during the year	(500,000,000)	(5,000)	-	-
Outstanding at the end of the year	205,420,000	2,054	705,420,000	7,054

(c) Optionally convertible redeemable preference shares	March 31, 2021		March 31, 2020	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	1,081,000,000	10,810	-	-
Issued during the year	-	-	1,081,000,000	10,810
Outstanding at the end of the year	1,081,000,000	10,810	1,081,000,000	10,810

(ii) Terms/ rights attached to

(a) Equity shares

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

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

(b) Non convertible redeemable preference shares

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

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

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

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

(c) Optionally convertible redeemable preference shares

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

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

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

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

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

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

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

	March 31, 2021		March 31, 2020	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid				
Biocon Limited, the Holding Company (including shares held through nominees)	989,717,600	93.47%	197,943,520	96.07%
NCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	205,420,000	100.00%	705,420,000	100.00%
OCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	1,081,000,000	100.00%	1,081,000,000	100.00%

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

(iv) During the previous year the shareholders at their extra-ordinary general meeting held on January 6, 2020 had approved to increase the authorised equity share capital from 50,050,000 equity shares of ₹ 10 each to 1,050,050,000 equity shares of ₹ 10 each. Further, during the year at the extra-ordinary general meeting held on July 31, 2020 approved to further increase authorised equity share capital to 1,500,000,000 equity shares of ₹ 10 each.

(v) During the previous year the shareholders at their extra-ordinary general meeting held on May 28, 2019 had approved to increase the authorised preference share capital from 75,000,000 preference shares of ₹ 10 each to 2,000,000,000 preference shares of ₹ 10 each.

(vi) During the previous year the shareholders, the Company on January 21, 2020 had allotted 5,025,463 equity shares of ₹ 10 each at an issue price of ₹ 1,067 to Activ Pine LLP, on a private placement basis.

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

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

(ix) The Company on September 3, 2020 allotted 8,830,456 equity shares of ₹ 10 each at an issue price of ₹ 254.80 per share to Tata Capital Growth Fund II, on a private placement basis.

(x) The Company on December 29, 2020 redeemed 500,000,000 NCRPS of ₹ 10 each at Face value.

(xi) The Company on March 9, 2021 allotted 19,799,305 equity shares of ₹ 10 each at an issue price of ₹ 280.31 per share to Beta Oryx Limited, a wholly owned subsidiary of ADQ on a private placement basis.

12(b). Other equity

Securities premium

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

Reserves and surplus

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

SEZ re-investment reserve

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

Debenture redemption reserve

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

Capital redemption reserve

The Company had redeemed Non Convertible Redeemable Preference Shares [refer note 12(a)(x)] during the year and as per the provisions of the Companies Act, 2013, a sum equal to the nominal value of the shares redeemed is transferred to the capital redemption reserve.

Amalgamation adjustment reserve

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

Cash flow hedging reserves

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

	March 31, 2021	March 31, 2020
13. Long-term borrowings		
Loans from banks (secured)		
Term loan [refer note (a) and (b) below]	8,990	5,650
Non convertible debentures ("NCD") [refer note (c) below]	2,000	-
Other loans and advances (unsecured)		
Non Convertible Redeemable Preference Shares [refer note 12(a)(ii)(b)]	2,054	7,054
Optionally Convertible Redeemable Preference Shares [refer note 12(a)(ii)(c)]	10,810	10,810
Loan from the Holding Company [refer note (d) below, also refer note 28]	-	1,006
Liability component of compound financial instrument (unsecured)		
Redeemable Optionally Convertible Debentures ("OCD") [refer note (e) below]	10,293	-
	34,147	24,520
Less: Amount disclosed under the head "Other current financial liabilities" [refer note 18]	(12,864)	(18,870)
	21,283	5,650

(a) During the year ended March 31, 2019, the Company had obtained an external commercial borrowing facility of USD 75 million from MUFG Bank Limited. The long-term loan is repayable in 3 annual instalments commencing from April 2024 and carries an interest rate of LIBOR + 1% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed facility for the manufacturing of pharmaceuticals. Carrying value of the loan as at March 31, 2021 amounts to ₹ 5,490 (March 31, 2020: ₹ 5,650).

(b) During the year ended March 31, 2021, the Company had obtained a Term loan facility from The Hongkong and Shanghai Banking Corporation Limited amounting to ₹ 3,500 (March 31, 2020: Nil) repayable in 2 equal annual instalments commencing from April 2024. Term loan carries an interest rate of 3 Months T Bill + 2.39% p.a. and are secured by first pari-passu charge on the present and future of movable fixed assets of the Company.

(c) During the year ended March 31, 2021, the Company had issued NCD of face value ₹ 10,00,000 each to HDFC Bank Limited amounting to ₹ 2,000 (March 31, 2020: Nil) for a tenure of 43 months. The debentures are repayable at the end of the term in April 2024. The NCD carries call/put option on or after September 21, 2023. The debentures carries fixed coupon rate of 6.8949% p.a. and are secured by first pari-passu charge on the movable fixed assets of the Company.

(d) The Company had obtained an unsecured loan facility from Biocon Limited in the previous year, at prevailing market rate of interest. The maximum amount of loan outstanding during the period was ₹ 1,025 (March 31, 2020: ₹ 1,478). The unsecured loan facility from Biocon Limited was repaid during the year ended March 31, 2021.

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

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

(f) During the year ended March 31, 2021, the Company has issued 1,125 unsecured redeemable optionally convertible debentures ("OCD")of face value ₹ 1,00,00,000 each amounting ₹ 11,250 (March 31, 2020: Nil) to Goldman Sachs India AIF Scheme - 1. Below are the key terms of OCD:

i) Tenure of OCD is 61 months.

ii) The OCD carries fixed coupon rate of 5% p.a accrued on an annual, compounded and cumulative basis, however interest is payable only in the event of redemption.

iii) The holder of OCD have the option to convert OCD into Equity shares at any time during the tenure.

iv) Upon conversion OCD will be converted into Equity shares at a ratio based on the Equity share price of ₹ 273.6448 per share. If not converted during the tenure, OCD will be redeemed at the end of the tenure.

v) Upon redemption the Company shall pay the face value and all monies payable towards coupon until the date of redemption.

Owing to the features, OCD has been classified as compound financial instrument. Equity component with respect to conversion and coupon and Liability component for its redemption feature.

(g) The Company has met all the covenants under the above borrowings as at March 31, 2021.

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

	March 31, 2021	March 31, 2020
14. Provisions		
(a) Non-Current		
Provision for employee benefits		
Gratuity [refer note 30]	270	227
	270	227
(b) Current		
Provision for employee benefits		
Gratuity [refer note 30]	31	28
Compensated absences	190	190
Provision for sales return	136	136
	357	354

(i) Movement in provisions	Gratuity	Compensated Absences	Sales Return
Opening Balance	255	190	136
Provision recognised/(utilised) during the year	46	-	-
Closing Balance	301	190	136

	March 31, 2021	March 31, 2020
15. Other liabilities		
(a) Non-current		
Deferred revenues [refer note 19]	904	975
	904	975
(b) Current		
Advance from customers	33	28
Statutory dues and dues payable	146	123
Deferred revenues [refer note 19]	117	122
	296	273
16. Short-term borrowings		
From banks/ financial institutions		
Packing credit foreign currency loan (unsecured) [refer note (i) below]	2,782	2,733
	2,782	2,733

(i) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans from various banks that carries interest rate ranging from LIBOR+0.33% to LIBOR+0.66%. Packing credit foreign currency loan tenure is upto 180 days from the date of draw down.

	March 31, 2021	March 31, 2020
17. Trade payables		
Trade payables		
Total outstanding dues of micro and small enterprises	453	98
Total outstanding dues of creditors other than micro and small enterprises	4,873	5,015
	5,326	5,113
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year		
Principal amount due to micro and small enterprises	453	98
Interest due on the above	1	1
(ii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	1,285	173
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	6	3
(iv) The amount of interest accrued and remaining un-paid at the end of each accounting year	1	1
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	7	8

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers. The amounts are not presented since they are rounded off to Rupees million.

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

	March 31, 2021	March 31, 2020
18. Other financial liabilities		
Current		
Current maturities of long-term borrowings [refer note 13]	12,864	18,870
Interest accrued but not due	122	26
Payables for capital goods	1,114	2,305
Derivative premium payable	95	-
	14,195	21,201

	Year ended March 31, 2021	Year ended March 31, 2020
19. Revenue from operations		
Sale of products		
Finished goods [refer note (a) below]	13,106	11,102
Traded goods	1,418	1,546
Sale of services		
Research fees [refer note (a) below]	4,217	3,484
Other operating revenue		
Export incentives	96	78
Sale of process waste	9	10
Others [refer note (b) below]	562	1,468
	19,408	**17,688**

(a) Revenue from sale of Finished goods and Research fees includes additional amounts received for earlier years based on invoices issued amounting to ₹ 583 and ₹ 388 respectively.

(b) Others include processing charges and cross charge of facilities by the Company to its group companies.

	Year ended March 31, 2021	Year ended March 31, 2020
19.1 Disaggregated revenue information		
Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Revenues By Geography		
Revenues from contracts with customers		
India	5,398	5,443
United Kingdom	8,944	7,112
Rest of the world	4,399	3,577
	18,741	**16,132**
Revenue from other sources		
Other operating revenue	667	1,556
	667	**1,556**
Total revenue from operations	**19,408**	**17,688**
Geographical revenue is identified based on the location of the customers.		
19.2 Changes in contract liabilities: deferred revenue and advance from customers		
Balance at the beginning of the year	1,125	834
Add:- Increase due to invoicing during the year	198	413
Less:- Amounts recognised as revenue during the year	(269)	(122)
Balance at the end of the year	**1,054**	**1,125**
Expected revenue recognition from remaining performance obligations:		
- Within one year	150	150
- More than one year	904	975
	1,054	**1,125**
19.3 Contract balances		
Trade receivables	2,669	9,192
Unbilled revenues	1,995	-
Contract liabilities	1,054	1,125
Trade receivables are non-interest bearing. Contract liabilities include deferred revenue and advance from customers		
19.4 Performance obligation:		
In relation to information about Company's performance obligations in contracts with customers [refer note 2(j)].		

	Year ended March 31, 2021	Year ended March 31, 2020
20. Other income		
Interest income on deposits with banks and financial institutions	6	3
Foreign exchange gain, net	-	105
Net gain on sale of current investments	57	17
Other non-operating income	-	98
	63	223
21. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,815	1,121
Add: Purchases	9,247	5,876
Less: Inventory at the end of the year	(3,638)	(1,815)
	7,424	5,182
22. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	244	209
Finished goods	1,557	1,005
Work-in-progress	1,812	1,549
	3,613	2,763
Inventory at the end of the year		
Traded goods	221	244
Finished goods	1,765	1,557
Work-in-progress	3,450	1,812
	5,436	3,613
	(1,823)	(850)
23. Employee benefits expense		
Salaries, wages and bonus	3,624	3,227
Contribution to provident and other funds	177	163
Gratuity [refer note 30]	52	41
Employee stock compensation expense [refer note 36]	142	180
Staff welfare expenses	240	118
	4,235	3,729
24. Finance cost		
Interest expenses on financial liabilities [refer note (a) below]	159	112
Interest expenses on lease liabilities [refer note 27]	210	209
	369	321

(a) Interest expense on financial liabilities is net off borrowing cost capitalised during the year amounting to ₹ 699 (March 31, 2020 - ₹ 152).

	Year ended March 31, 2021	Year ended March 31, 2020
25. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3(a)]	820	738
Depreciation charge for the right-of-use assets [refer note 3(b)]	335	307
Amortisation of intangible assets [refer note 4]	28	21
	1,183	1,066
26. Other expenses		
Royalty and technical fees	42	35
Rent	19	9
Communication expenses	5	6
Power and fuel	855	786
Repairs and maintenance		
Plant and machinery	501	347
Building	65	83
Others	180	124
Selling expenses		
Freight outwards and clearing charges	257	199
Sales promotion expenses	173	319
Commission and brokerage (other than sole selling agents)	87	82
Lab consumables	925	968
Professional charges	961	908
Payment to auditors [refer note (a) below]	8	7
Rates, taxes and fees	65	54
Travelling and conveyance	146	322
Research and development expenses	395	237
Foreign exchange loss, net	146	-
Printing and stationery	28	16
Provision/(reversal) for doubtful debts, net	1	(6)
Directors' fees including commission	19	8
Corporate social responsibility (CSR) expenses [refer note 38]	31	-
Insurance	99	1
Miscellaneous expenses	46	54
	5,054	4,559
(a) Payment to auditors:		
As auditor:		
Statutory audit fee	7	6
Tax audit fee [refer note (b) below]	-	-
In other capacity:		
Other services (certification fees) [refer note (b) below]	-	-
Reimbursement of out-of-pocket expenses	1	1
	8	7

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

27. Leases

The Company had entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the year of 2029. Gross payment for the year aggregate to ₹ 475 (March 31, 2020 - ₹ 412).

Effective April 1, 2019, the Company had adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. On transition, the adoption of the standard resulted in recognition of Right of use-assets (ROU) of ₹ 6 and a lease liability of ₹ 9, net of tax. The cumulative effect of applying the standard resulted in ₹ 3 being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit for the previous year and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The followings is the movement in the lease liability is as follows

Particulars	Land	Building	Plant & machinery	Total
Balance as at March 31, 2019	-	-	-	-
Additions during the year	53	1,298	1,064	2,415
Finance cost accrued during the year*	5	113	98	216
Payment of lease liabilities	(7)	(201)	(204)	(412)
Balance as at March 31, 2020	51	1,210	958	2,219
Additions during the year	-	-	-	-
Finance cost accrued during the year*	5	120	96	221
Payment of lease liabilities	(7)	(238)	(230)	(475)
Balance as at March 31, 2021	49	1,092	824	1,965

*includes ₹ 11 (March 31, 2020 - ₹ 7) capitalised during the year.

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

	March 31, 2021	March 31, 2020
Current lease liabilities	438	254
Non-current lease liabilities	1,527	1,965
The table below provides details regarding the contractual maturities of lease liabilities, on an undiscounted basis:		
Less than one year	481	476
One to five years	1,606	1,872
More than five years	629	868
Total	2,716	3,216
The following are the amounts recognised in Profit or loss for the year		
Depreciation expense of right of use-assets	335	307
Interest expenses on lease liabilities	210	209
Short term lease payment [refer note (i) below]	19	9
Total	564	525

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

28. Related party disclosures:

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2020 to March 31, 2021 (Income)/Expenses/Other transactions	Balance as at March 31, 2021 (Payable)/Receivable	April 1, 2019 to March 31, 2020 (Income)/Expenses/Other transactions	Balance as at March 31, 2020 (Payable)/Receivable
1	Biocon Limited	Holding Company	Expenses incurred by related party on behalf of the Company	108	-	94	-
			Expenses incurred on behalf of the related party	(25)	-	-	-
			Professional charges	396	-	662	-
			Charges for Guarantee Cost	23	-	-	-
			Research fees	(87)	-	(231)	-
			Cross charges towards facility and other expenses	(14)	-	(109)	-
			Sale of goods	(149)	-	(729)	-
			Royalty income	-	-	(2)	-
			Payment for leases	208	-	192	-
			Power and fuel	1,221	-	930	-
			Staff welfare expenses towards canteen charges	24	-	29	-
			Royalty expense	22	-	14	-
			Share based payments to employees	142	-	170	-
			Purchase of goods	567	-	1,248	-
			Acquisition of business undertakings	-	-	7,675	-
			Issue of equity shares	-	-	1,553	-
			Issue of Preference shares	-	-	17,864	-
			Redemption of Preference shares	5,000	-	-	-
			Funding paid towards property plant and equipment / Prepayment	610	666	56	56
			Sale of scrips	-	-	-	-
			Other receivables	-	-	-	14
			Unbilled revenue	-	8	-	-
			Trade payables	-	(748)	-	(1,283)
			Trade Receivables	-	31	-	539
			Loan repaid / (taken from) to Holding company, net [refer note (c)]	1,006	-	84	(1,006)
			Interest on long-term borrowings	34	-	81	(18)
			Guarantee released / (given) by related party to a bank on behalf of the Company	1,283	(7,100)	(5,818)	(8,383)
2	Biocon Biologics UK Limited (Formerly known as Biocon Biologics Limited)	Subsidiary	Research fees	(3,244)	-	(2,401)	-
			Cross charges towards facility and other expenses	(1,400)	-	(1,719)	-
			Expenses incurred on behalf of the related party	(4)	-	(51)	-
			Sale of goods	(5,698)	-	(4,709)	-
			Licensing and development fees	(2)	-	(2)	-
			Funding received towards property plant and equipment	(164)	-	-	-
			Unbilled revenue	-	1,752	-	-
			Trade Receivables	-	1,040	-	6,685
3	Biocon SDN BHD	Subsidiary	Expenses incurred on behalf of the related party	(87)	-	(1)	-
			Research fees	(859)	-	(768)	-
			Cross charges towards facility and other expenses	(36)	-	(223)	-
			Sale of goods	(346)	-	(250)	-
			Expenses incurred by related party on behalf of the Company	2	-	2	-

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2020 to March 31, 2021 (Income)/Expenses/Other transactions	Balance as at March 31, 2021 (Payable)/Receivable	April 1, 2019 to March 31, 2020 (Income)/Expenses/Other transactions	Balance as at March 31, 2020 (Payable)/Receivable
			Purchase of goods	271	-	211	-
			Unbilled revenue	-	225	-	-
			Trade Receivables	-	34	-	1,002
			Trade payables	-	(85)	-	(97)
4	Syngene International Limited	Fellow subsidiary	Research and development expenses	20	-	161	-
			Expenses incurred by related party on behalf of the Company	58	-	6	-
			Sale of goods [Refer note (h) below]	(0)	-	(0)	-
			Purchase of goods	19	-	-	-
			Expenses incurred on behalf of the related party	(8)	-	(56)	-
			Power and Utility expense	84	-	5	-
			Payment for leases	244	-	76	-
			Royalty expense	3	-		
			Profit share expense	4	-		
			Trade payables	-	(134)	-	(101)
			Other receivables	-	-	-	51
			Trade Receivables	-	1	-	-
5	Bicara Therapeutics Inc.	Fellow associate	Research fees	(1)	-	(82)	-
			Cross charges towards facility and other expenses	(10)	-	(3)	-
			Unbilled revenue	-	6	-	-
			Trade Receivables	-	3	-	87
6	Biocon Pharma Limited	Fellow subsidiary	Research fees	(24)	-	-	-
			Cross charges towards facility and other expenses	(35)	-	-	-
			Sale of goods/other product	(58)	-	-	-
			Trade payables [Refer note (h) below]	-	(0)	-	-
			Trade Receivables	-	5	-	-
			Unbilled revenue	-	3	-	-
7	Biocon Biologics Inc, USA	Subsidiary	Expenses incurred on behalf of the related party [Refer note (h) below]	(0)	-	-	-
			Trade Receivables [Refer note (h) below]	-	0	-	-
8	Biocon FZ LLC	Fellow subsidiary	Professional charges	35	-	30	-
			Trade payables	-	(27)	-	(21)
9	Biocon Foundation	Fellow subsidiary	Expenses incurred on behalf of the related party	-	-	(1)	-
			Contribution towards CSR expense	31	-	-	-
			Trade Receivables	-	2	-	2
10	Biocon Biologics Healthcare Malaysia Sdn Bhd (Formerly known as Biocon Healthcare Sdn Bhd)	Subsidiary	Expenses incurred by related party on behalf of the Company	-	-	1	-
			Trade payables	-	(1)	-	(1)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2020 to March 31, 2021 (Income)/Expenses/Other transactions	Balance as at March 31, 2021 (Payable)/Receivable	April 1, 2019 to March 31, 2020 (Income)/Expenses/Other transactions	Balance as at March 31, 2020 (Payable)/Receivable
11	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges	21	-	15	-
			Trade payables [Refer note (h) below]	-	-	-	(0)
12	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods/other products	(55)	-	(70)	-
			Trade Receivables		18	-	11
13	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (e) & (f) below]	280	-	73	-
			Sitting fees and remuneration	19	-	8	-
			Other payables	-	-	-	3

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

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

(c) The loan from holding company is presented net of repayments due to multiple transactions

(d) Key managerial personnel include:

(i) Dr. Christiane Hamacher, Managing Director & Chief Executive Officer (CEO w.e.f March 01, 2019 till February 28, 2021 and Managing Director w.e.f. October 11, 2019 till January 20, 2021)

(ii) Arun Chandavarkar, Non-Executive Director till January 20, 2021 and Managing Director w.e.f. January 21, 2021

(iii) Kiran Mazumdar Shaw, Non-Executive Director Chairperson till January 20, 2021 and Executive Chairperson w.e.f. January 21, 2021

(iv) Akhilesh Nand, Company Secretary (w.e.f. July 23, 2020)

(v) Mayank Verma, Company Secretary (w.e.f. August 1, 2019 upto July 23, 2020)

(vi) M.B. Chinappa, Chief Financial Officer (w.e.f January 06, 2020)

(vii) Peter Piot, Independent director (w.e.f. January 21, 2021)

(viii) Bobby Kanubhai Parikh, Independent director (w.e.f. August 1, 2019)

(ix) Nivruti Rai, Independent director (w.e.f. August 1, 2019)

(x) Russell Walls, Independent director

(xi) Daniel M Bradbury, Independent director (w.e.f. August 1, 2019)

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

(f) Share based compensation expense allocable to key management personnel is ₹ 8 (March 31, 2020: ₹ 4), which is not included in the remuneration disclosed above.

(g) Fellow subsidiary companies and subsidiaries with whom the Company did not have any transactions:

- (i) Biocon Biologics FZ LLC., a subsidiary of Biocon Biologics UK Limited
- (ii) Biocon Biologics Do Brasil LTDA., a subsidiary of Biocon Biologics UK Limited
- (iii) Syngene USA Inc., a subsidiary of Syngene International Limited
- (iv) Biocon Biosphere Limited, a subsidiary of Biocon Limited
- (v) Biofusion Therapeutics Limited, a subsidiary of Biocon Limited
- (vi) Biocon SA, a subsidiary of Biocon Limited
- (vii) Biocon Pharma UK Limited, a subsidiary of Biocon Pharma Limited
- (viii) Biocon Pharma Ireland Limited, a subsidiary of Biocon Pharma Limited
- (ix) Biocon Pharma Inc., a subsidiary of Biocon Pharma Limited
- (x) Biocon Pharma Malta, a subsidiary of Biocon Pharma Limited
- (xi) Biocon Pharma Malta I, a subsidiary of Biocon Pharma Malta
- (xii) Biocon Academy, a subsidiary of Biocon Limited

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

	March 31, 2021	March 31, 2020
29. Tax expense		
(a) Amount recognised in Statement of profit and loss		
Current tax	468	636
Deferred tax expense/(income) related to:		
MAT credit entitlement	(261)	(180)
Origination and reversal of temporary differences	137	(105)
Tax expense for the year	344	351
(b) Reconciliation of effective tax rate		
Profit before tax	2,441	3,234
Tax at statutory income tax rate 29.12% (March 31, 2020 - 29.12%)	711	942
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Exempt income and other deductions	(334)	(637)
Non-deductible expense	6	50
Recognition of past tax cost	(35)	-
Others	(4)	(4)
Income tax expense	344	351

(c) Recognised deferred tax assets and liabilities

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

For the year ended March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax liability					
Property, plant and equipment and intangible assets	-	120	-	-	120
Derivative assets	-	-	38	-	38
Gross deferred tax liability	-	120	38	-	158
Deferred tax assets					
Employee benefit obligations	69	-	2	-	71
Allowance for doubtful debts	8	-	-	-	8
Property, plant and equipment and intangible assets	50	(50)	-	-	-
MAT credit entitlement	555	261	-	-	816
Derivative liability	17	-	148	-	165
Deferred revenue	29	17	-	-	46
Lease obligation	36	16	-	-	52
Others	40	-	-	-	40
Gross deferred tax asset	804	244	150	-	1,198
Net deferred tax assets	804	124	112	-	1,040

For the year ended March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax liability					
Property, plant and equipment and intangible assets	5	(5)	-	-	-
Gross deferred tax liability	5	(5)	-	-	-
Deferred tax assets					
Tax losses	-	-	-	-	-
Employee benefit obligations	20	39	10	-	69
Allowance for doubtful debts	9	(1)	-	-	8
Other disallowable expenses	-	-	-	-	-
Property, plant and equipment and intangible assets	-	50	-	-	50
MAT credit entitlement	375	180	-	-	555
Derivative liability	-	-	17	-	17
Deferred revenue	24	5	-	-	29
Lease obligation	-	36	-	-	36
Others	40	(29)	-	29	40
Gross deferred tax assets	468	280	27	29	804
Net deferred tax assets	463	285	27	29	804

30. Employee benefit plans

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

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Net defined benefit obligation	
	March 31, 2021	March 31, 2020
Balance as at beginning of the year	255	194
Current service cost	37	28
Interest expense	15	13
Amount recognised in Statement of profit and loss	52	41
Remeasurements:		
Actuarial (gain)/loss arising from:		
Financial assumptions	3	17
Experience adjustment	2	20
Amount recognised in other comprehensive income	5	37
Liability transferred out	-	(5)
Benefits paid	(11)	(12)
Balance as at end of the year	301	255

	March 31, 2021	March 31, 2020
Non-current	270	227
Current	31	28
	301	255

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

	March 31, 2021	March 31, 2020
Interest rate	5.6%	5.8%
Discount rate	5.6%	5.8%
Expected return on plan assets	NA	NA
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 7 years (March 31, 2020: 7 years).

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

(iii) Sensitivity analysis

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

Particulars	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(17)	19	(14)	16
Salary increase (1% change)	18	(17)	15	(14)
Attrition rate (1% change)	(5)	5	(4)	4

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

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	31
2nd Following year	31
3rd Following year	37
4th Following year	34
5th Following year	29
Years 6 and above	285

31. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2021	**FVTPL**	**FVOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Investments#	3,330	-	18,051	21,381	3,330	-	-	3,330
Trade receivables	-	-	2,669	2,669	-	-	-	-
Cash and cash equivalents	-	-	1,891	1,891	-	-	-	-
Other bank balance	-	-	2,000	2,000	-	-	-	-
Derivative Assets	-	129	-	129	-	129	-	129
Other financial assets	-	-	2,270	2,270	-	-	-	-
	3,330	**129**	**26,881**	**30,340**	**3,330**	**129**	**-**	**3,459**
Financial liabilities								
Borrowings	-	-	24,065	24,065	-	-	-	-
Lease liabilities	-	-	1,965	1,965	-	-	-	-
Trade payables	-	-	5,326	5,326	-	-	-	-
Derivative liability	-	563	-	563	-	563	-	563
Other financial liabilities	12,864	-	1,331	14,195	-	-	12,864*	12,864
	12,864	**563**	**32,687**	**46,114**	**-**	**563**	**12,864**	**13,427**

	Carrying amount				Fair value			
March 31, 2020	**FVTPL**	**FVOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Investments#	-	-	10,810	10,810	-	-	-	-
Trade receivables	-	-	9,192	9,192	-	-	-	-
Cash and cash equivalents	-	-	1,540	1,540	-	-	-	-
Other financial assets	-	-	91	91	-	-	-	-
	-	-	**21,633**	**21,633**	-	-	-	-
Financial liabilities								
Borrowings	-	-	8,383	8,383	-	-	-	-
Lease liabilities	-	-	2,219	2,219	-	-	-	-
Trade payables	-	-	5,113	5,113	-	-	-	-
Derivative liability	-	57	-	57	-	57	-	57
Other financial liabilities	17,864	-	3,337	21,201	-	-	17,864*	17,864
	17,864	**57**	**19,052**	**36,973**	**-**	**57**	**17,864**	**17,921**

Investments other than those categorised as FVTPL are carried at Cost

* Preference shares are convertible / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been recorded at its fair value which is equivalent to the face value.

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

B. Measurement of fair values

Derivative financial instruments are value based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

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

	March 31, 2021		March 31, 2020	
	Impact on other components of equity		Impact on other components of equity	
	Increase	Decrease	Increase	Decrease
Significant observable inputs				
Spot rate of the foreign currency (1% movement)	(74)	86	(38)	74
Interest rates (100 bps movement)	246	(246)	-	-

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(ii) Credit risk

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

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables, unbilled revenue and other receivables. The exposure to credit risk as at reporting date amounts to ₹ 27 (March 31, 2020: ₹ 26).

Allowance for impairment	March 31, 2021	March 31, 2020
Opening Balance	26	32
Impairment loss recognised / (reversed)	1	(6)
Closing Balance	27	26

Details of financial assets – not due, past due and impaired

The ageing of trade receivables is given below

Particulars	March 31, 2021	March 31, 2020
Neither past due nor impaired	2,015	6,890
Past due but not impaired		
Less than 365 days	681	2,328
More than 365 days	-	-
Less: Allowance for credit losses	(27)	(26)
Total	2,669	9,192

Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

Trade receivables including unbilled revenue from an individual customer is ₹ 2,792 (March 31, 2020 : ₹ 7,687) which is individually more than 10 percent of the Company's trade receivables including unbilled revenue.

Credit risk on cash and cash equivalents is limited as the Company generally transacts with Banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Ratings are monitored periodically and the Company has considered the latest available credit ratings in view of COVID-19 as at the date of approval of these financial statements.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at March 31, 2021, outstanding NCRPS and OCRPS issued to Holding Company amounts to ₹ 12,864 with a tenure of 10 years from the date of issue has been disclosed under current maturities of long-term borrowings. The Company believes that the working capital excluding NCRPS and OCRPS is sufficient to meet its current liquidity requirements. Also, refer note 1.2 (a). Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2021:

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	2,782	-	8,794	12,489	24,065
Lease liabilities	481	478	1,128	629	2,716
Trade payables	5,326	-	-	-	5,326
Derivative liabilities	179	155	225	4	563
Other financial liabilities	14,195	-	-	-	14,195
Total	22,963	633	10,147	13,122	46,865

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2020:

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	2,733	-	1,413	4,237	8,383
Lease liabilities	476	495	1,377	868	3,216
Trade payables	5,113	-	-	-	5,113
Derivative liabilities	57	-	-	-	57
Other financial liabilities	21,201	-	-	-	21,201
Total	29,580	495	2,790	5,105	37,970

(iv) Market risk

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

Foreign currency risk

The Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

The currency profile of financial assets and financial liabilities as at March 31, 2021 and March 31, 2020 are as below:

March 31, 2021	USD	EUR	Others	Total
Financial assets				
Trade Receivables	1,912	-	-	1,912
Cash and cash equivalents	1,185	27	-	1,212
Derivative Assets	129	-	-	129
Other financial assets	2,019	-	-	2,019
Financial liabilities				
Long-term borrowings	(5,490)	-	-	(5,490)
Short-term borrowings	(2,782)	-	-	(2,782)
Derivative liabilities	(563)	-	-	(563)
Trade Payables	(1,148)	(457)	(48)	(1,653)
Other financial liabilities	(183)	(125)	(93)	(401)
Net liabilities	(4,921)	(555)	(141)	(5,617)

March 31, 2020	USD	EUR	Others	Total
Financial assets				
Trade Receivables	8,976	45	-	9,021
Cash and cash equivalents	671	23	-	694
Other financial assets	-	-	-	-
Financial liabilities				
Long-term borrowings	(5,650)	-	-	(5,650)
Short-term borrowings	(2,733)	-	-	(2,733)
Derivative liabilities	(57)	-	-	(57)
Trade Payables	(856)	(504)	(36)	(1,396)
Other financial liabilities	(449)	(149)	(291)	(889)
Net assets / (liabilities)	(98)	(585)	(327)	(1,010)

Sensitivity analysis

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

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD Sensitivity				
INR/USD - Increase by 1%	(49)	-	(123)	(38)
INR/USD - Decrease by 1%	49	-	135	74
EUR Sensitivity				
INR/EUR - Increase by 1%	(6)	(6)	(6)	(6)
INR/EUR - Decrease by 1%	6	6	6	6

Derivative financial instruments

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

Particulars	March 31, 2021	March 31, 2020
	(in Million)	
Foreign exchange forward contracts to buy between 0-1 Years	USD 100	USD 24
European style option contracts with periodical maturity dates between 1-2 Years	USD 70	-
European style range forward contracts with periodical maturity dates between 1-2 Years	USD 70	-
Interest rate swaps used for hedging LIBOR component in external commercial borrowings	USD 75	-

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2021 and March 31, 2020 the Company's borrowings at variable rate were denominated in INR and USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2021	March 31, 2020
Variable rate borrowings	11,772	9,389
Fixed rate borrowings	25,157	17,864
Total borrowings	36,929	27,253

(b) Sensitivity

The Company policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

32. Capital management

The key objective of the company's capital management is to ensure that it maintains a stable capital structure with the focus on total capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company focuses on keeping strong total capital base to ensure independence, security as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

To maintain a stable capital structure, during the year the Company has issued equity shares (refer note 12) and debentures (refer note 13) for a consideration (net of issue expense) of ₹ 7,664 (March 31, 2020 : ₹ 5,294) and ₹ 13,016 (March 31, 2020 : Nil).

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

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

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

The capital structure as of March 31, 2021 and March 31, 2020 was as follows:

Particulars	March 31, 2021	March 31, 2020
Total equity	20,493	10,153
Preference share capital (NCRPS and OCRPS)	12,864	17,864
Total capital attributable to the shareholders of the Company (including NCRPS and OCRPS)	33,357	28,017
As a percentage of total capital	58%	75%
Long-term borrowings *	21,283	6,656
Short-term borrowings	2,782	2,733
Total borrowings	24,065	9,389
As a percentage of total capital	42%	25%
Total capital (Equity capital, preference capital and borrowings)	57,422	37,406

* includes OCD amounting to ₹ 10,293 (March 31, 2020 : Nil) [refer note 13(e)]

33. Contingent liabilities and commitments

(to the extent not provided for)

		March 31, 2021	March 31, 2020
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt	1,041	1,058
	The above includes		
	(i) Direct taxation	986	985
	(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)	55	73
	The Company is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.		
	Other than the matter disclosed above, the Company is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters will not have any material adverse effect on the Company's financial position and results of operations.		
(ii)	Commitments:		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,223	2,614

34. Earnings per share (EPS)

	Year ended March 31, 2021	Year ended March 31, 2020
Earnings		
For Basic and dilutive EPS *	2,097	2,883
Shares		
Basic outstanding shares #	1,030,219,915	869,894,452
Add: Weighted average shares issued during the year	6,328,164	156,263,787
Weighted average shares used for computing basic EPS	1,036,548,079	1,026,158,239
Add: Effect of dilutive rights granted under OCRPS	38,564,446	32,086,788
Add: Effect of dilutive rights granted under OCD *	-	-
Weighted average shares used for computing diluted EPS	1,075,112,525	1,058,245,027
Earnings per share		
Basic (in ₹)	2.02	2.81
Diluted (in ₹)	1.95	2.72

*As at March 31, 2021, outstanding OCD are anti-dilutive in nature.

adjusted for the effect of bonus shares for the year ended March 31, 2020

35. Segmental reporting

The Chief Operating Decision Maker reviews the operations of the Company as Pharmaceutical business, which is considered to be the only reportable segment by the management. Hence, there are no additional disclosures to be provided under Ind AS 108 'Operating Segments'.

36. Employee stock compensation

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

Total number of options outstanding	March 31, 2021	March 31, 2020
ESOP Plan 2000	6,335,596	9,333,008
RSU Plan 2015	178,701	387,249
RSU Plan 2019 #	4,706,410	844,375

adjusted for the impact of bonus issue

The Company has recorded an amount of ₹ 142 (March 31, 2020: ₹ 180) as cost of the above stock option plans based on amounts cross charged by its Holding company.

37. Exceptional item

1. During year ended March 31, 2021, the Company has paid registration fees for increasing authorise share capital of the Company and stamp duty fees on issue of such shares, amounting to ₹ 5 (March 31, 2020 - ₹ 38) is recorded as exceptional item. Consequential tax of ₹ 1 is included within tax expense

2. During the year the Company has incurred severance cost amounting to ₹ 116 arising from exit of certain key personnel which is recorded as exceptional item for the year ended March 31, 2021 (March 31, 2020 - Nil). Consequential tax of ₹ 15 is included within tax expense.

38. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company did not meet the applicability threshold for the previous year ended on March 31, 2020.

(a) Amount required to be spent by the Company during the year ended March 31, 2021 is ₹ 31; and

(b) Amount spent during the year is as below:

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset *	24	-	24
(ii) On purposes other than (i) above	7	-	7
	31	-	31

* not owned by the Company

39. Business combinations under common control

The Company as a part of restructuring during the previous year had acquired the following:

(a) **Business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 for a consideration of ₹ 7,054.**

Branded Formulations business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 for a consideration of ₹ 621.

Above transactions are referred to as "Slump Sale".

(b) On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement for merger of Biocon Research Limited ("BRL") with the Company under Companies Act, 2013. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019.

The consideration for acquisition of BRL was 3,106 fully paid equity shares of ₹ 10 each for every 10 equity shares of Re 1 each held in the BRL, resulting in issue of 155,300,000 equity shares of ₹ 10 each by the Company to the shareholders of BRL.

Summary of consideration and the value of net identifiable assets acquired

Particulars	Slump sale	BRL	Total
Net asset acquired/ Share Capital	7,613	1	7,614
Consideration	7,675	1,553	9,228
Amalgamation adjustment	**(62)**	**(1,552)**	**(1,614)**

These transactions have been recorded/presented on an as if pooling basis to reflect the effects of these common control business combinations from the first day of earliest period presented in the previous year i.e, April 1, 2018.

40. In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

41. The previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

As per our report of even date attached

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

for and on behalf of the Board of Directors of Biocon Biologics Limited
(formerly known as "Biocon Biologics India Limited")

Sampad Guha Thakurta
Partner
Membership No.: 060573

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Bengaluru
April 27, 2021

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Members of Biocon Biologics Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Biocon Biologics Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of a subsidiary as was audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group accordance with the ethical requirements that are relevant to out audit of the consolidated financial statement in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub paragraph (a) of the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the Director's Report, but does not include the consolidated financial statements and our Auditor's Report thereon

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

We did not audit the financial statements / financial information of a subsidiary, whose financial statements/financial information reflect total assets of ₹ 31,976 million as at 31 March 2021, total revenues of ₹ 5,309 million and net cash flows amounting to ₹ 172 million for the year ended on that date, as considered in the consolidated financial statements. This subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditor under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments, if any made by the Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the Management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary as were audited by other auditor, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

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

   b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

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

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

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding Company is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act: and

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

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of a subsidiary, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 35 to the consolidated financial statements.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 31 to the consolidated financial statements in respect of such items as it relates to the Group.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2021.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

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

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 21060573AAAABU4410

Place: Bengaluru
Date: 27 April 2021

Annexure A to the Independent Auditors' report on the consolidated financial statements of Biocon Biologics Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Biocon Biologics Limited (hereinafter referred to as "the Holding Company"), a company incorporated in India under the Companies Act, 2013, as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

for B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 21060573AAAABU4410

Place: Bengaluru
Date: 27 April 2021

Consolidated Balance Sheet as at March 31, 2021

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

	Note	March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	24,541	24,304
Capital work-in-progress	3(a)	17,800	11,965
Right-of-use assets	3(b)	1,730	2,093
Intangible assets	4	5,838	3,823
Intangible assets under development	4	4,892	5,796
Financial assets			
(i) Derivative assets		26	-
(ii) Other financial assets	5(a)	117	187
Income tax assets (net)		776	941
Deferred tax assets (net)	6	1,414	1,261
Other non-current assets	7(a)	1,347	809
Total non-current assets		58,481	51,179
Current assets			
Inventories	8	12,437	7,864
Financial assets			
(i) Current investments	9	3,330	-
(ii) Trade receivables	10	4,040	3,268
(iii) Cash and cash equivalents	11	2,583	2,719
(iv) Bank balance other than (iii) above	11	2,060	-
(v) Derivative assets		103	-
(vi) Other financial assets	5(b)	5,922	3,820
Other current assets	7(b)	1,774	1,593
Total current assets		32,249	19,264
TOTAL		90,730	70,443
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12(a)	10,588	2,060
Other equity	12(b)	7,223	5,396
Total equity		17,811	7,456
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	13	24,607	15,703
(ii) Lease liabilities	27	1,527	1,965
(iii) Derivative liabilities		390	53
Provisions	14(a)	270	227
Deferred tax liabilities (net)	6	793	713
Other non-current liabilities	15(a)	7,844	7,756
Total non-current liabilities		35,431	26,417
Current liabilities			
Financial liabilities			
(i) Borrowings	16	3,343	3,211
(ii) Lease liabilities	27	438	254
(iii) Trade payables	17		
-Total outstanding dues to micro and small enterprises		453	98
-Total outstanding dues of creditors other than micro and small enterprises		8,861	7,079
(iv) Derivative liabilities		228	159
(v) Other financial liabilities	18	22,460	24,660
Provisions	14(b)	357	354
Income tax liabilities (net)		411	285
Other current liabilities	15(b)	937	470
Total current liabilities		37,488	36,570
TOTAL		90,730	70,443

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

for and on behalf of **the Board of Directors of Biocon Biologics Limited**
(formerly known as "Biocon Biologics India Limited")

Sampad Guha Thakurta
Partner
Membership No.: 060573

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Bengaluru
April 27, 2021

Consolidated Statement Of Profit And Loss for the year ended March 31, 2021

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

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	19	27,972	23,055
Other income	20	64	265
Total income		28,036	23,320
Expenses			
Cost of raw materials and packing materials consumed	21	9,313	5,388
Purchases of traded goods		688	846
Changes in inventories of finished goods, traded goods and work-in-progress	22	(2,747)	(1,215)
Employee benefits expense	23	6,106	5,044
Finance costs	24	372	828
Depreciation and amortisation expense	25	3,430	2,641
Other expenses	26	10,708	8,999
		27,870	22,531
Less: Recovery of cost from co-development partners (net)		(3,480)	(3,423)
Total expenses		24,390	19,108
Profit before tax and exceptional items		3,646	4,212
Exceptional items	39	(226)	(38)
Profit before tax		3,420	4,174
Tax expenses	29		
Current tax		685	980
Deferred tax			
MAT credit entitlement		(261)	(180)
Other deferred tax		321	201
Total tax expense		745	1,001
Profit for the year		2,675	3,173
Other comprehensive income (OCI)			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement losses on defined benefit plans		(5)	(37)
Income tax effect		2	10
		(3)	(27)
(ii) Items that may be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(411)	(131)
Exchange difference on translation of foreign operations		(145)	783
Income tax effect		110	17
		(446)	669
Other comprehensive income for the year, net of tax		(449)	642
Total comprehensive income for the year		2,226	3,815
Earnings per share	36		
Basic (in ₹)		2.58	3.09
Diluted (in ₹)		2.49	3.07

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 27, 2021

for and on behalf of the Board of Directors of Biocon Biologics Limited
(formerly known as "Biocon Biologics India Limited")

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

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

(A) Ordinary equity share capital

	March 31, 2021	March 31, 2020
Opening balance	2,060	457
Bonus shares issued during the year	8,242	-
Shares issued during the year	286	1,603
Closing balance	**10,588**	**2,060**

(B) Other equity

	Equity portion of preference shares [refer note 12 and 13]	Equity portion of Optionally convertible debentures [refer note 13]	Securities Premium	Reserves and surplus	SEZ reinvestment reserve	Amalgamation adjustment [refer note 41]	Debenture redemption reserve	Capital redemption reserve	Other comprehensive income			Shares pending allotment [refer note 41]	Total other equity
									Cash flow hedging reserves	Foreign currency translation reserve	Other items of other comprehensive income		
Balance at April 1, 2019	766	-	-	(2,254)	-	(3,369)	-	-	(46)	781	738	1,553	(1,831)
Adjustment pursuant to adoption of Ind AS 116, net of tax	-		-	(3)	-	-	-	-	-	-	-	-	(3)
Adjusted balance at April 01, 2019	766	-	-	(2,257)	-	(3,369)	-	-	(46)	781	738	1,553	(1,834)
Profit for the year	-		-	3,173	-	-	-	-	-	-	-	-	3,173
Other comprehensive income, net of tax	-		-	-	-	-	-	-	(114)	783	(27)	-	642
Total comprehensive income for the year	-	-	-	3,173	-	-	-	-	(114)	783	(27)	-	3,815
Transactions recorded directly in equity													
Changes on account of business combinations [refer note 41]	-	-	-	(1,126)	-	2,021	-	-	-	(715)	37	-	217
Shares pending allotment issued during the year	-	-	-	-	-	-	-	-	-	-	-	(1,553)	(1,553)
Premium received on issue of shares during the year	-	-	5,312	-	-	-	-	-	-	-	-	-	5,312
Share issue expenses incurred during the year	-	-	(68)	-	-	-	-	-	-	-	-	-	(68)
Dividend including dividend distribution tax	-	-	-	(493)	-	-	-	-	-	-	-	-	(493)
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	-	(935)	935	-	-	-	-	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	-	935	(935)	-	-	-	-	-	-	-	-
Balance at March 31, 2020	766	-	5,244	(703)	-	(1,348)	-	-	(160)	849	748	-	5,396
Profit for the year	-	-	-	2,675	-	-	-	-	-	-	-	-	2,675
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(301)	(145)	(3)	-	(449)
Total comprehensive income for the year	-	-	-	2,675	-	-	-	-	(301)	(145)	(3)	-	2,226
Transactions recorded directly in equity													
Premium received on issue of shares during the year	-	-	7,514	-	-	-	-	-	-	-	-	-	7,514
Utilised for issue of bonus shares during the year	-	-	(5,244)	(2,998)	-	-	-	-	-	-	-	-	(8,242)
Transfer to Debenture redemption reserve	-	-	-	(1,325)	-	-	1,325	-	-	-	-	-	-
Equity component of optionally convertible debentures	-	959	-	-	-	-	-	-	-	-	-	-	959
Share issue expense incurred during the year	-	-	(136)	-	-	-	-	-	-	-	-	-	(136)
Transfer to Reserves and surplus	-	-	-	782	-	-	-	-	-	-	(782)	-	-
Transfer to Capital redemption reserve	-	-	-	(1,292)	-	-	-	1,292	-	-	-	-	-
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	-	-	-	(223)	223	-	-	-	-	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	-	223	(223)	-	-	-	-	-	-	-	-
Purchase of Non-cumulative redeemable convertible preference shares [refer note 13(f)]	(666)	-	-	172	-	-	-	-	-	-	-	-	(494)
Balance at March 31, 2021	100	959	7,378	(2,689)	-	(1,348)	1,325	1,292	(461)	704	(37)	-	7,223

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

for and on behalf of **the Board of Directors of Biocon Biologics Limited**
(formerly known as "Biocon Biologics India Limited")

Sampad Guha Thakurta
Partner
Membership No.: 060573

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Bengaluru
April 27, 2021

Statement Of Consolidated Cash Flows for the year ended March 31, 2021

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

		Year ended March 31, 2021	Year ended March 31, 2020
I	Cash flows from operating activities		
	Profit for the year	2,675	3,173
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation expense	3,430	2,641
	Tax expense	745	1,001
	Finance costs	372	828
	Provision/(reversal) for doubtful debts, net	1	(6)
	Net gain on sale of current investments	(57)	(17)
	Unrealised foreign exchange loss / (gain)	134	116
	Interest income	(7)	(8)
	Exceptional item	-	38
	Operating profit before working capital changes	7,293	7,766
	Movements in working capital		
	Increase in inventories	(4,654)	(2,387)
	Decrease/(increase) in trade receivables	(1,076)	353
	Increase in trade payables, other liabilities and provisions	3,274	1,141
	Increase in other assets	(3,258)	(1,915)
	Cash generated from operations	1,579	4,958
	Income taxes paid (net of refunds)	(386)	(1,464)
	Net cash flow generated from operating activities	1,193	3,494
II	Cash flows from investing activities		
	Purchase of property, plant and equipment	(8,679)	(7,162)
	Purchase of intangible assets	(1,935)	(1,873)
	Proceeds from sale of property, plant and equipment	-	5
	Purchase of investments	(31,417)	(16,644)
	Proceeds from sale of investments	28,144	16,661
	Purchase of equity shares of subsidiary	-	(10,810)
	Investment in fixed deposit with original maturity more than 3 months	(2,060)	
	Payment towards business combinations [refer note 40]	-	(7,675)
	Interest received	7	8
	Net cash flow used in investing activities	(15,940)	(27,490)
III	Cash flows from financing activities		
	Proceeds from issuance of preference shares	-	17,864
	Proceeds from issuance of equity shares (net of expenses)	7,664	5,294
	Purchase of preference shares of subsidiary	(3,846)	-
	Proceeds from issuance of optionally convertible debentures (net of expenses)	11,016	-
	Proceeds from issuance of non convertible debentures	2,000	-
	Redemption of preference shares	(5,000)	-
	Proceeds from long-term borrowings	7,937	3,090
	Repayment of long-term borrowings	(3,979)	(2,897)
	Proceeds from short-term borrowings (net)	105	2,657
	Repayment of lease liabilities	(475)	(412)
	Dividend paid	-	(493)
	Interest paid	(874)	(520)
	Net cash flow generated from financing activities	14,548	24,583
IV	Net (decrease)/increase in cash and cash equivalents (I + II + III)	(199)	587
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	(20)	100
VI	Cash and cash equivalents at the beginning of the year	2,241	1,554
VII	Cash and cash equivalents at the end of the year (IV + V + VI)	2,022	2,241

Statement Of Consolidated Cash Flows for the year ended March 31, 2021

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

	Year ended March 31, 2021	Year ended March 31, 2020
Reconciliation of cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents (Note 11)		
Balances with banks - on current accounts	2,543	2,672
Deposits with original maturity of less than 3 months	40	47
	2,583	**2,719**
Cash credits (note 16)	(561)	(478)
Balance as per statement of cash flows	**2,022**	**2,241**

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

	Opening balance April 1, 2020	Cash flows	Non-cash movement *	Closing balance March 31, 2021
Long-term borrowings (including current maturities)	37,602	8,128	(791)	44,939
Short-term borrowings	2,733	105	(56)	2,782
Interest accrued but not due	26	96	-	122
Total liabilities from financing activities	**40,361**	**8,329**	**(847)**	**47,843**

* includes equity component of Optionally convertible debentures ("OCD") amounting to ₹ 959. [Refer note 13 (g)]

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 27, 2021

for and on behalf of **the Board of Directors of Biocon Biologics Limited**
(formerly known as "Biocon Biologics India Limited")

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021

Notes to the consolidated financial statements for the year ended March 31, 2021

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

1. Company Overview

1.1 Reporting entity

Biocon Biologics Limited ("BBL" or the "parent company" or "the Company"), a subsidiary of Biocon Limited, together with its subsidiaries (collectively, the "Group"), is engaged in manufacture and development of pharmaceutical formulations. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka.

Consequent to the approvals received from the Board of Directors on October 26, 2017 and from the shareholders on November 21, 2017, the Company had acquired the business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 [refer note 41 (b)].

Also, consequent to the approval received from the Company's Board of Directors on June 17, 2019, the Company acquired Branded Formulations (BFI) business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 [refer note 41 (b)].

On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement ("the Scheme") for merger of Biocon Research Limited ("BRL" or "the Transferor") with the Company ("the Transferee") under Section 230 to 232 of Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019 [refer note 41 (a)].

1.2 Basis of preparation of financial statements

a) *Statement of compliance*

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

These consolidated financial statements have been prepared for the Group as a going concern basis of relevant Ind AS notwithstanding the fact that it has net current liabilities position of ₹ 5,239 as at March 31, 2021 primarily on account of classification of Non Convertible Redeemable Preference Shares ("NCRPS") and Optionally Convertible Redeemable Preference Shares ("OCRPS") issued to Holding Company as financial liabilities amounting to ₹ 2,054 and ₹ 10,810, respectively. Outstanding NCRPS and OCRPS issued to Holding Company are for a tenure of 10 years from the date of issue and are disclosed under current maturities of long-term borrowings. NCRPS is repayable on demand. However, the OCRPS is convertible into variable number of shares on demand but is not repayable in cash within the next twelve months. Hence excluding the OCRPS liability, the Group has a positive working capital which along with its projected cash from operations is sufficient to meet its current liquidity requirements. Further, the Group during the year has raised funds through issuance of fresh equity shares (refer note 12) and debentures (refer note 13) from external investors (net of issue expense) amounting to ₹ 7,664 and ₹ 13,016, respectively.

These consolidated financial statements were authorised for issuance by the Company's Board of Directors on April 27, 2021.

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

b) *Functional and presentation currency*

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

c) *Basis of measurement*

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

– Certain financial assets and liabilities (including derivative instruments) are measured at fair value;

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

d) *Use of estimates and judgements*

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 31 — Financial instruments;
- Note 2(d), 2(e), 2(f) and 3 — Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(p) and 27 — Lease whether as arrangement contains a lease;
- Note 2(j) and 30 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 2(n), 6 and 29 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets.
- Note 2(l) and 19 — Revenue Recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time;

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021 is included in the following notes:

— Note 2(i)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;

— Note 6 and 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 30 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 31 – impairment of financial assets; and

— Note 14 and 35 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

— Note 2(c) and 31 – financial instruments.

2 Significant accounting policies

a. Basis of consolidation

i. Subsidiaries

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

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

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

Non-controlling interests (NCI)

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

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

ii. Loss of control

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

iii. Associates and joint arrangements (equity accounted investees)

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

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

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

b. Foreign currency

i. Foreign currency transactions

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

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

Under previous GAAP exchange differences arising on restatement of long-term foreign currency monetary items related to acquisition of depreciable assets was added to/ deducted from the cost of the depreciable assets. In accordance with Ind AS 101 *First time adoption of Indian Accounting Standards* the Group continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on March 31, 2016.

ii. Foreign operations

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

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

c. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

ii. Classification and subsequent measurement

Financial assets

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

— amortised cost;

— Fair value through other comprehensive income (FVOCI) – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

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

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 32 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

vi. Cash and cash equivalents

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

vii. Cash dividend to equity holders

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

d. Property, plant and equipment

i. *Recognition and measurement*

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

ii. *Depreciation*

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

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

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

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

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

iii. *Reclassification to investment property*

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

e. Intangible assets

Internally generated: Research and development

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

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

Others

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

i. *Subsequent expenditure*

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

ii. Amortisation

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

— Computer software	3-5 years
— Marketing and Manufacturing rights	5-10 years
— Developed technology rights	5-10 years

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

f. Investment property

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

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

g. Business combination

In accordance with Ind AS 103*, Business combinations,* the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

Business combinations – common control transaction

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

h. Inventories

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

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

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

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

i. Impairment

i. Impairment of financial assets

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

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

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

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

ii. *Impairment of non-financial assets*

The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

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

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

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

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

j. Employee benefits

i. *Gratuity*

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

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

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

ii. *Provident Fund*

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

iii. *Compensated absences*

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

iv. *Share-based compensation*

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

k. Provisions (other than for employee benefits)

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

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

l. Revenue from contracts with customers

i. Sale of goods

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

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

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

ii. Milestone payments and out licensing arrangements

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

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

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

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

iii. Research services

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

iv. Royalty income and profit share

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

v. *Sales Return Allowances*

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

vi. *Dividends*

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

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

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

viii. *Interest income and expense*

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

m. Government grants

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

n. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements except when:

— taxable temporary differences arising on the initial recognition of goodwill;

— temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

— temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

o. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

p. Leases

(i) *The Group as lessee:*

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

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

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

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

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

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

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

Transition

Effective 01 April 2019, the Group has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets at its carrying amount as if standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2020 have not been retrospectively adjusted.

q. Earnings per share

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

r. Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle. All assets and liabilities have been classified as current and non-current as per the Group's Operating cycle.

s. Recent accounting developments

MCA issued notifications dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group for the financial year starting April 1, 2021. The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

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

	Land	Buildings	Leasehold improvements	Plant and equipment [Refer note (a)]	Research & development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
Gross carrying amount									
At April 01, 2019	1,026	6,325	3	20,009	1,197	170	17	28,747	6,659
Additions	216	43	14	2,014	363	20	17	2,687	7,993
Disposals/transfers	-	-	-	-	-	-	(6)	(6)	(2,687)
Other adjustments	-	-	-	-	-	-	-	-	-
- Foreign currency translation adjustment	105	550	-	1,200	-	5	1	1,861	-
At March 31, 2020	**1,347**	**6,918**	**17**	**23,223**	**1,560**	**195**	**29**	**33,289**	**11,965**
Additions	10	3	52	2,226	571	129	6	2,997	8,853
Disposals/transfers	-	(43)	-	-	-	-	(4)	(47)	(2,997)
Other adjustments									
- Foreign currency translation adjustment	(38)	(195)	-	(433)	-	(2)	-	(668)	(21)
At March 31, 2021	**1,319**	**6,683**	**69**	**25,016**	**2,131**	**322**	**31**	**35,571**	**17,800**
Depreciation/ Amortisation									
At April 01, 2019	-	531	3	5,348	765	92	6	6,745	-
Charge for the year	-	249	1	1,571	113	22	4	1,960	-
Disposals	-	-	-	-	-	-	-	-	-
Other adjustments									
- Foreign currency translation adjustment	-	60	-	217	-	2	1	280	-
At March 31, 2020	**-**	**840**	**4**	**7,136**	**878**	**116**	**11**	**8,985**	**-**
Charge for the year	-	259	4	1,744	128	27	5	2,167	-
Disposals	-	-	-	-	-	-	(4)	(4)	-
Other adjustments									
- Foreign currency translation adjustment	-	(26)	-	(91)	-	(1)	-	(118)	-
At March 31, 2021	**-**	**1,073**	**8**	**8,789**	**1,006**	**142**	**12**	**11,030**	**-**
Net carrying amount									
At March 31, 2020	**1,347**	**6,078**	**13**	**16,087**	**682**	**79**	**18**	**24,304**	**11,965**
At March 31, 2021	**1,319**	**5,610**	**61**	**16,227**	**1,125**	**180**	**19**	**24,541**	**17,800**

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

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

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

(d) Borrowing cost capitalised during the year amounted to ₹ 893 (March 31, 2020: ₹ 504).

(e) Refer note 35 for contractual commitments for purchase of property, plant and equipment.

3 (b). Right-of-use assets

	Land	Buildings	Plant & machinery	Total
Gross carrying amount				
At April 01, 2019	-	-	-	-
Additions	53	1,297	1,064	2,414
At March 31, 2020	53	1,297	1,064	2,414
Additions	-	-	-	-
At March 31, 2021	53	1,297	1,064	2,414
Accumulated depreciation				
At April 01, 2019	-	-	-	-
Depreciation for the year*	5	156	160	321
At March 31, 2020	5	156	160	321
Depreciation for the year*	5	183	175	363
At March 31, 2021	10	339	335	684
Net carrying amount				
At March 31, 2020	48	1,141	904	2,093
At March 31, 2021	43	958	729	1,730

*includes ₹ 28 capitalised during the year (March 31, 2020 : ₹ 14).

4. Intangible assets

	Intangible assets				Intangible assets under development
	Developed technology rights	Marketing and Manufacturing rights	Computer software	Total	
Gross carrying amount					
At April 01, 2019	749	728	101	1,578	6,057
Additions	2,444	-	72	2,516	1,815
Disposals / transfer	-	-	-	-	(2,444)
Other adjustments					
- Foreign currency translation adjustment	203	63	1	267	368
At March 31, 2020	3,396	791	174	4,361	5,796
Additions	2,589	444	33	3,066	2,276
Disposals / transfer	-	-	-	-	(3,066)
Other adjustments					
- Foreign currency translation adjustment	(128)	(27)	-	(155)	(114)
At March 31, 2021	5,857	1,208	207	7,272	4,892
Accumulated amortisation					
At April 01, 2019	33	40	58	131	-
Amortisation for the year	242	108	24	374	-
Other adjustments					
- Foreign currency translation adjustment	23	10	-	33	-
At March 31, 2020	298	158	82	538	-
Amortisation for the year	747	150	31	928	-
Other adjustments					
- Foreign currency translation adjustment	(24)	(8)	-	(32)	-
At March 31, 2021	1,021	300	113	1,434	-
Net carrying amount					
At March 31, 2020	3,098	633	92	3,823	5,796
At March 31, 2021	4,836	908	94	5,838	4,892

(a) Borrowing cost capitalised during the year amounted to ₹ 12 (March 31, 2020: Nil).

(b) Refer note 35 for contractual commitments for purchase of intangible assets.

	March 31, 2021	March 31, 2020
5. Other financial assets		
(a) Non-current		
Deposits	117	70
Other receivables	-	117
	117	187
(b) Current		
Unbilled revenue	1,809	175
Other receivables (considered good - Unsecured) from:		
Related parties [refer note 28]	-	65
Others	4,113	3,580
	5,922	3,820
[Also refer note 28 for details on related party transactions]		
6. Deferred tax assets (net)		
Deferred tax liabilities (net)	(793)	(713)
Deferred tax assets (net)	1,414	1,261
Total	621	548
Deferred tax liabilities		
Property, plant and equipment and intangible assets	(575)	(376)
Derivate assets	(38)	-
	(613)	(376)
Deferred tax assets		
MAT credit entitlement	816	555
Employee benefit obligations	71	69
Allowance for doubtful debts	8	8
Derivative liability	165	17
Deferred revenue	82	199
Lease obligation	52	36
Others	40	40
	1,234	924
Total	621	548
7. Other assets		
Unsecured considered good, unless otherwise stated		
(a) Non-current		
Capital advances	231	573
Duty drawback receivable	13	39
Balances with statutory / government authorities	293	86
Prepayments	810	111
	1,347	809
(b) Current		
Balances with statutory / government authorities	737	459
Export incentive receivable	386	356
Advance to suppliers	299	402
Prepayments	352	376
	1,774	1,593
[Also refer note 28 for details on related party transactions]		
8. Inventories		
Raw materials, including goods-in-bond	2,818	1,435
Packing materials	1,999	1,556
Finished goods	1,816	2,817
Work-in-progress	5,583	1,812
Traded goods	221	244
	12,437	7,864

(a) Inventories includes goods in-transit ₹ 185 (March 31, 2020: ₹ 220)

(b) Write-down of inventories to net realisable value and provision for stock obsolescence amounted to ₹ 308 (March 31, 2020: ₹ 257). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

	March 31, 2021	March 31, 2020
9. Current investments		
Quoted - Investment in mutual funds at fair value through profit or loss * :		
Axis Overnight Fund Direct Growth 567,009 units (March 31, 2020: Nil units)	617	-
ICICI Liquid Fund DP - Growth 750,031 units (March 31, 2020: Nil units)	229	-
ICICI Overnight Fund DP - Growth 5,286,783 units (March 31, 2020: Nil units)	587	-
SBI Liquid Fund Direct - Growth 70,272 units (March 31, 2020: Nil units)	226	-
SBI Overnight Fund Direct - Growth 184,014 units (March 31, 2020: Nil units)	617	-
Tata Liquid Fund Direct Plan - Growth 64,755 units (March 31, 2020: Nil units)	210	-
UTI Overnight Fund Direct - Growth 218,893 units (March 31, 2020: Nil units)	617	-
UTI Liquid Cash Plan Direct - Growth 67,498 units (March 31, 2020: Nil units)	227	-
	3,330	-
*units are presented in full numbers		
Aggregate market value of quoted investments	3,330	-
The Group's exposure of credit and currency risks, and loss allowances are disclosed in notes 31.		

	March 31, 2021	March 31, 2020
10. Trade receivables		
Current		
(a) Trade receivables considered good - Unsecured	4,040	3,268
(b) Trade receivables - credit impaired	27	26
	4,067	3,294
Allowance for credit loss	(27)	(26)
	4,040	3,268
[Also refer note 28 for details on related party transactions]		
The Group's exposure to credit and currency risks, and loss allowances are disclosed in Note 31.		
11. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	2,543	2,672
Deposits with original maturity of less than 3 months	40	47
Cash on hand [refer note (a) below]	-	-
	2,583	2,719
Other bank balances:		
Deposits with remaining maturity of less than 12 months	2,000	-
Margin money deposits	60	-
	2,060	-
Total cash and bank balances	4,643	2,719

(a) The Group has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2021	March 31, 2020
12(a). Share capital		
Authorised		
1,500,000,000 (March 31, 2020: 1,050,050,000) equity shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	15,000	10,501
2,000,000,000 (March 31, 2020: 2,000,000,000) preference shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	20,000	20,000
Issued, subscribed and fully paid-up		
1,058,849,676 (March 31, 2020: 206,043,983) equity shares of ₹ 10 each	10,588	2,060
205,420,000 (March 31, 2020: 705,420,000) Non Convertible Redeemable Preference Shares ("NCRPS") of ₹ 10 each	2,054	7,054
1,081,000,000 (March 31, 2020: 1,081,000,000) Optionally Convertible Redeemable Preference Shares ("OCRPS") of ₹ 10 each	10,810	10,810
	23,452	19,924
Less : Preference share capital classified as a financial liability [refer note 13]	(12,864)	(17,864)
Equity share capital	10,588	2,060

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

(a) Equity shares	March 31, 2021		March 31, 2020	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	206,043,983	2,060	45,718,520	457
Issued during the year	852,805,693	8,528	160,325,463	1,603
Outstanding at the end of the year	1,058,849,676	10,588	206,043,983	2,060

(b) Non convertible redeemable preference shares	March 31, 2021		March 31, 2020	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	705,420,000	7,054	-	-
Issued during the year	-	-	705,420,000	7,054
Redeemed during the year	(500,000,000)	(5,000)	-	-
Outstanding at the end of the year	205,420,000	2,054	705,420,000	7,054

(c) Optionally convertible redeemable preference shares	March 31, 2021		March 31, 2020	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	1,081,000,000	10,810	-	-
Issued during the year	-	-	1,081,000,000	10,810
Outstanding at the end of the year	1,081,000,000	10,810	1,081,000,000	10,810

(ii) Terms/ rights attached to

(a) Equity shares

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

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

(b) Non convertible redeemable preference shares

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

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

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

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

(c) Optionally convertible redeemable preference shares

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

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

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

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

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

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

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

	March 31, 2021		March 31, 2020	
	No.	% Holding	No.	% Holding
Equity shares of ₹ 10 each fully paid				
Biocon Limited, the Holding Company (including shares held through nominees)	989,717,600	93.47%	197,943,520	96.07%
NCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	205,420,000	100.00%	705,420,000	100.00%
OCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	1,081,000,000	100.00%	1,081,000,000	100.00%

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

(iv) During the previous year the shareholders at their extra-ordinary general meeting held on January 6, 2020 had approved to increase the authorised equity share capital from 50,050,000 equity shares of ₹ 10 each to 1,050,050,000 equity shares of ₹ 10 each. Further, during the year at the extra-ordinary general meeting held on July 31, 2020 approved to further increase authorised equity share capital to 1,500,000,000 equity shares of ₹ 10 each.

(v) During the previous year the shareholders at their extra-ordinary general meeting held on May 28, 2019 had approved to increase the authorised preference share capital from 75,000,000 preference shares of ₹ 10 each to 2,000,000,000 preference shares of ₹ 10 each.

(vi) During the previous year the shareholders, the Company on January 21, 2020 had allotted 5,025,463 equity shares of ₹ 10 each at an issue price of ₹ 1,067 to Activ Pine LLP, on a private placement basis.

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

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

(ix) The Company on September 3, 2020 allotted 8,830,456 equity shares of ₹ 10 each at an issue price of ₹ 254.80 per share to Tata Capital Growth Fund II, on a private placement basis.

(x) The Company on December 29, 2020 redeemed 500,000,000 NCRPS of ₹ 10 each at Face value.

(xi) The Company on March 9, 2021 allotted 19,799,305 equity shares of ₹ 10 each at an issue price of ₹ 280.31 per share to Beta Oryx Limited, a wholly owned subsidiary of ADQ on a private placement basis.

12(b). Other equity

Securities premium

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

Amalgamation adjustment reserve

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

Reserves and surplus

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

SEZ re-investment reserve

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

Debenture redemption reserve

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

Capital redemption reserve

The Group had redeemed Non Convertible Redeemable Preference Shares [refer note 12(a)(x)] during the year and as per the provisions of the Companies Act, 2013, a sum equal to the nominal value of the shares redeemed is transferred to the capital redemption reserve.

Foreign currency translation reserve

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

Cash flow hedging reserve

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

	March 31, 2021	March 31, 2020
13. Long-term borrowings		
Loans from banks (secured)		
Term loan [refer note (a) (b) and (c) below]	14,815	14,674
Redeemable Non-Convertible Debentures ("NCD") [refer note (d) below]	2,000	-
Loans from banks (unsecured)		
Term loan [refer note (e) below]	4,392	-
Other loans and advances (unsecured)		
Non-Convertible Redeemable Preference Shares ("NCRPS") [refer note 12(a)(ii)(b)]	2,054	7,054
Optionally Convertible Redeemable Preference Shares ("OCRPS") [refer note 12(a)(ii)(c)]	10,810	10,810
Non-Cumulative Redeemable Convertible Preference Shares [refer note (f) below]	575	4,058
Redeemable Optionally Convertible Debentures ("OCD") [refer note (g) below]	10,293	-
Loan from the Holding Company [refer note (h) below]	-	1,006
	44,939	**37,602**
Less: Amount disclosed under the head "other current financial liabilities" [refer note 18]	(20,332)	(21,899)
	24,607	**15,703**
The above amount includes		
Secured borrowings	16,815	14,674
Unsecured borrowings	28,124	22,928
Amount disclosed under the head "other current financial liabilities" [refer note 17]	(20,332)	(21,899)
Net amount	**24,607**	**15,703**

(a) During the year ended March 31, 2019, the Company had obtained an external commercial borrowing facility of USD 75 million from MUFG Bank Limited. The long-term loan is repayable in 3 annual instalments commencing from April 2024 and carries an interest rate of LIBOR + 1% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed facility for the manufacturing of pharmaceuticals. Carrying value of the loan as at March 31, 2021 amounts to ₹ 5,490 (March 31, 2020: ₹ 5,650).

(b) Biocon Sdn. Bhd., Malaysia ('Biocon Malaysia') had obtained a term loan facility of USD 130 million from a consortium of banks. During the year ended March 31, 2016, Biocon Malaysia had refinanced the existing term loan from Standard Chartered Bank (Hong Kong) Limited. The loan is repayable in quarterly instalments which commenced from March, 2017. Further on July 6, 2015, Biocon Sdn Bhd had entered into a new term loan agreement with Standard Chartered Bank (Hong Kong) Limited for an amount of USD 70 million. The loan is repayable in quarterly instalments commenced from March, 2017. The term loans are denominated in USD and carried an interest rate of LIBOR + 2.25% p.a and LIBOR + 1.80% p.a for facility of USD 130 million and USD 70 million respectively. Effective January 28, 2021, Biocon Malaysia had restructured loan with respect to interest rate for both the facilities. Revised interest rate is LIBOR + 1.20% p.a.

The term loan is secured by a fixed and floating charge over all present and future assets and a charge over the freehold property of Biocon Malaysia.

(c) During the year ended March 31, 2021, the Company had obtained a Term loan facility from The Hongkong and Shanghai Banking Corporation Limited amounting to ₹ 3,500 (March 31, 2020: Nil) repayable in 2 equal annual instalments commencing from April 2024. Term loan carries an interest rate of 3 Months T Bill + 2.39% p.a. and are secured by first pari-passu charge on the present and future of movable fixed assets of the Company.

(d) During the year ended March 31, 2021, the Company had issued NCD of face value ₹ 10,00,000 each to HDFC Bank Limited amounting to ₹ 2,000 (March 31, 2020: Nil) for a tenure of 43 months. The debentures are repayable at the end of the term in April 2024. The NCD carries call/put option on or after September 21, 2023. The debentures carries fixed coupon rate of 6.8949% p.a. and are secured by first pari-passu charge on the movable fixed assets of the Company.

(e) During the year ended March 31, 2021, Biocon Biologics UK Limited ("Biocon UK") (formerly "Biocon Biologics Limited") has obtained a term loan facility of USD 60 million from HDFC Bank Limited (Hong Kong) for a tenure of 13 months, repayable in January 2022. The term loan is repayable at the end of the term in one instalment and carries an interest rate of 1 month LIBOR + 0.95% p.a. Carrying value of the term loan as at March 31, 2021 is ₹ 4,392 (March 31, 2020: Nil).

(f) As at March 31, 2021, Biocon Malaysia has outstanding 3,067,506 (March 31, 2020: 21,048,748) non-cumulative redeemable convertible preference shares ("NCRCPS") which were issued at issue price and par value of RM 10 each. These NCRCPS are issued to Biocon SA, a fellow subsidiary. The NCRCPS rank pari passu with one another without any preference or priority among themselves. Each NCRCPS shall confer on the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution. The NCRCPS shall be redeemable at par value, in full or in part, and in any number of tranches at the option of the NCRCPS shareholder at any time after ten years from the date of issue of the NCRCPS. The NCRCPS shall be convertible at par value to ordinary shares of Biocon Malaysia of RM 10 each at any time at the option of the NCRCPS holder.

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

During the year, the Group has purchased 17,981,242 NCRCPS from Biocon SA, by paying ₹ 3,846 (USD 52 million). This has led to extinguishment of liability in the Group, resulting in gain in Statement of Profit and Loss and Other Equity amounting to ₹ 265 and ₹ 172, respectively.

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

(i) upon any resolution which varies or is deemed to vary the right and privileges attached to the NCRPS; and

(ii) upon any resolution for the winding up of the Biocon Malaysia.

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

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

(h) The Company had obtained an unsecured loan facility from Biocon Limited in the previous year, at prevailing market rate of interest. The maximum amount of loan outstanding during the period was ₹ 1,025 (March 31, 2020: ₹ 1,478). The unsecured loan facility from Biocon Limited was repaid during the year ended March 31, 2021.

(i) The Group has met all the covenants under the above borrowings as at March 31, 2021.

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

	March 31, 2021	March 31, 2020
14. Provisions		
(a) Non-current		
Provision for employee benefits		
Gratuity [refer note 30]	270	227
	270	227
(b) Current		
Provision for employee benefits		
Gratuity [refer note 30]	31	28
Compensated absences	190	190
Provision for sales return	136	136
	357	354

(i) Movement in provisions	Gratuity	Compensated absences	Sales return
Opening balance	255	190	136
Provision recognised during the year	46	-	-
Closing balance	301	190	136

	March 31, 2021	March 31, 2020
15. Other liabilities		
(a) Non-current		
Deferred revenues [refer note 19]	7,844	7,756
	7,844	7,756
(b) Current		
Deferred revenues [refer note 19]	604	293
Advances from customers	157	28
Statutory taxes and dues payable	176	149
	937	470
16. Short-term borrowings		
From banks/ financial institutions		
Packing credit foreign currency loan (unsecured) [refer note (a) below]	2,782	2,733
Cash credit (unsecured) [refer note (b) below]	561	-
Cash credit (secured) [refer note (c) below]	-	478
	3,343	3,211
The above amount includes		
Secured borrowings	-	478
Unsecured borrowings	3,343	2,733

(a) The Company had obtained foreign currency denominated short term unsecured pre-shipment credit loans from various banks that carries interest rate ranging from LIBOR+0.33% to LIBOR+0.66%. Packing credit foreign currency loan tenure is upto 180 days from the date of draw down.

(b) Biocon Malaysia had availed working capital facilities upto USD 15 million carrying an interest rate of LIBOR + 0.5%.

(c) Biocon Malaysia had availed working capital facilities upto USD 20 million from various banks carrying an interest rate of BLR+3.25%. The facilities are secured by a charge on inventories and accounts receivables of Biocon Malaysia.

	March 31, 2021	March 31, 2020
17. Trade payables		
Trade payables		
- Total outstanding dues of micro and small enterprises	453	98
- Total outstanding dues of creditors other than micro and small enterprises	8,861	7,079
	9,314	7,177
All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 31.		
[Also refer note 28 for details on related party transactions]		
18. Other financial liabilities		
(a) Current		
Current maturities of long-term borrowings [refer note 13]	20,332	21,899
Interest accrued but not due	122	26
Derivative premium payable	95	-
Payables for capital goods	1,911	2,735
	22,460	24,660

	Year ended March 31, 2021	Year ended March 31, 2020
19. Revenue from operations		
Sale of products		
Finished goods*	25,401	20,423
Traded goods	1,418	1,550
Sale of services		
Licensing and development fees	354	280
Research fees	112	315
Other operating revenue		
Sale of process waste	17	11
Export incentives	96	78
Others	574	398
Revenue from operations	27,972	23,055
* includes profit share		
19.1 Disaggregated revenue information		
Set out below is the disaggregation of the Group's revenue from contracts with customers:		
Revenues by geography		
Revenues from contracts with customers		
Ireland	13,327	9,846
India	5,216	5,461
Rest of the world	8,742	7,261
	27,285	22,568
Revenue from other sources		
Other operating revenue	687	487
	687	487
Total revenue from operations	27,972	23,055
Geographical revenue is identified based on the location of the customers.		

	Year ended March 31, 2021	Year ended March 31, 2020
19.2 Changes in contract liabilities: deferred revenue and advance from customers		
Balance at the beginning of the year	8,077	6,130
Add:- Increase due to invoicing during the year	1,471	2,090
Add:- Foreign currency translation	(181)	400
Less:- Amounts recognised as revenue during the year	(762)	(543)
Balance at the end of the year	8,605	8,077
Expected revenue recognition from remaining performance obligations:		
- Within one year	761	321
- More than one year	7,844	7,756
	8,605	8,077
19.3 Contract balances		
Trade receivables	4,040	3,268
Unbilled revenue	1,809	175
Contract liabilities	8,605	8,077
Trade receivables are non-interest bearing. Contract liabilities include deferred revenues and advance from customers.		

19.4 Performance obligation:

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

	Year ended March 31, 2021	Year ended March 31, 2020
20. Other income		
Interest income on:		
Deposits with banks and financial institutions	7	7
Others	-	1
Net gain on sale of current investments	57	17
Foreign exchange gain, net	-	142
Other non-operating income	-	98
	64	265
21. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	2,991	1,642
Add: Purchases	11,139	6,737
Less: Inventory at the end of the year	(4,817)	(2,991)
	9,313	5,388

	Year ended March 31, 2021	Year ended March 31, 2020
22. Changes in inventories of finished goods, traded goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	244	212
Finished goods	2,817	979
Work-in-progress	1,812	2,467
	4,873	3,658
Inventory at the end of the year		
Traded goods	221	244
Finished goods	1,816	2,817
Work-in-progress	5,583	1,812
	7,620	4,873
	(2,747)	(1,215)
23. Employee benefits expense		
Salaries, wages and bonus	5,233	4,383
Contribution to provident and other funds	297	259
Gratuity [refer note 30]	52	41
Employee stock compensation expense [refer note 38]	161	200
Staff welfare expenses	363	161
	6,106	5,044
24. Finance costs		
Interest expenses on financial liabilities [refer note (a) below]	162	619
Interest expenses on lease liabilities [refer note 27]	210	209
	372	828
(a) Interest expense on financial liabilities is net of capitalisation amounting to ₹ 905 (March 31, 2020 - ₹ 152).		
25. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3(a)]	2,167	1,960
Depreciation expense of right of use-assets [refer note 3 (b)]	335	307
Amortisation of intangible assets [refer note 4]	928	374
	3,430	2,641

	Year ended March 31, 2021	Year ended March 31, 2020
26. Other expenses		
Royalty and technical fees	42	35
Rent	29	13
Communication expenses	16	18
Travelling and conveyance	165	392
Professional charges	1,683	1,146
Payments to auditors [refer note (a) below]	8	7
Directors' fees including commission	25	8
Power and fuel	1,540	1,329
Insurance	122	24
Rates, taxes and fees, net of refunds of taxes	88	67
Lab consumables	969	994
Foreign exchange loss, net	156	-
Repairs and maintenance		
Plant and machinery	1,076	802
Buildings	75	116
Others	471	292
Selling expenses		
Freight outwards and clearing charges	279	221
Sales promotion expenses	1,029	1,225
Commission and brokerage (other than sole selling agents)	87	83
Provision/ (reversal) for doubtful debts, net	1	(6)
Printing and stationery	42	28
Research and development expenses	3,414	3,130
Corporate social responsibility (CSR) expenses [refer note(40)]	31	-
Miscellaneous expenses	90	103
	11,438	**10,027**
Less: Expenses capitalized to intangible assets	(730)	(1,028)
	10,708	**8,999**
(a) Payment to auditors:		
As auditor:		
Statutory audit fee	7	6
Tax audit fee [refer note (b) below]	-	-
In other capacity:		
Other services (certification fees) [refer note (b) below]	-	-
Reimbursement of out-of-pocket expenses	1	1
	8	7

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

27. Leases

The Group has entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the year of 2029. Gross payment for the year aggregate to ₹ 475 (March 31, 2020: ₹ 412)

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. On transition, the adoption of the standard resulted in recognition of Right of use-assets (ROU) of ₹ 6 and a lease liability of ₹ 9. The cumulative effect of applying the standard resulted in ₹ 3 being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit before tax, profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The followings is the movement in the lease liability:

Particulars	Land	Buildings	Plant & machinery	Total
Balance as at March 31, 2019	-	-	-	-
Additions during the year	53	1,298	1,064	2,415
Finance cost accrued during the year*	5	113	98	216
Payment of lease liabilities	(7)	(201)	(204)	(412)
Balance as at March 31, 2020	**51**	**1,210**	**958**	**2,219**
Additions during the year	-	-	-	-
Finance cost accrued during the year*	5	120	96	221
Payment of lease liabilities	(7)	(238)	(230)	(475)
Balance as at March 31, 2021	**49**	**1,092**	**824**	**1,965**

*includes ₹ 11 (March 31, 2020 - ₹ 7) capitalised during the year

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

	March 31, 2021	March 31, 2020
Current lease liabilities	438	254
Non-current lease liabilities	1,527	1,965
The table below provides details regarding the contractual maturities of lease liabilities, on an undiscounted basis:		
Less than one year	481	476
One to five years	1,606	1,872
More than five years	629	868
Total	**2,716**	**3,216**
The following are the amounts recognised in Profit or loss for the year:		
Depreciation expense of right of use-assets	335	307
Interest expenses on lease liabilities	210	209
Short-term lease payment [refer note (i) below]	29	13
Total	**574**	**529**

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

28. Related party disclosures:

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2020 to March 31, 2021 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2021 (Payable)/ Receivable	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable
1	Biocon Limited	Holding Company	Expenses incurred by related party on behalf of the Group	108	-	323	-
			Expenses incurred on behalf of the related party	(25)	-	-	-
			Professional charges	396	-	662	-
			Research fees	(87)	-	(231)	-
			Cross charges towards facility and other expenses	(14)	-	(109)	-
			Sale of goods	(334)	-	(1,363)	-
			Royalty income	-	-	(2)	-
			Payment for leases	208	-	192	-
			Power and fuel	1,221	-	930	-
			Research and development expense	9	-	-	-
			Staff welfare expenses towards canteen charges	24	-	29	-
			Royalty expense	22	-	14	-
			Share based payments to employees	160	-	192	-
			Purchase of goods	567	-	1,248	-
			Dividend Paid	-	-	461	-
			Other receivables	-	-	-	14
			Unbilled revenue	-	17	-	-
			Issue of equity shares	-	-	(1,553)	-
			Issue of preference shares	-	-	(17,864)	-
			Redemption of Preference shares	5,000	-	-	-
			Acquisition of business undertakings	-	-	7,675	-
			Funding towards property plant and equipment/ Prepayment	610	666	56	56
			Trade payables	-	(755)	-	(906)
			Trade Receivables	-	31	-	329
			Loan repaid / (taken from) to Holding company, net [refer note (c)]	1,006	-	84	(1,006)
			Interest on long-term borrowings	34	-	81	(18)
			Guarantee fees	42	-	26	-
			Guarantee released / (given) by related party to a bank on behalf of the Group	4,483	(12,925)	(4,117)	(17,408)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2020 to March 31, 2021 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2021 (Payable)/ Receivable	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable
2	Syngene International Limited	Fellow subsidiary	Research and development expenses	65	-	195	-
			Expenses incurred by related party on behalf of the Group	59	-	6	-
			Expenses incurred on behalf of the related party	(8)	-	(56)	-
			Purchase of goods	23	-	-	-
			Power and Utility Charges	84	-	5	-
			Royalty expense	3	-	-	-
			Profit share expense	4	-	-	-
			Payment for leases	244	-	76	-
			Trade payables	-	(179)	-	(126)
			Other receivables	-	-	-	51
			Unbilled revenue	-	1	-	-
3	Bicara Therapeutics Inc.	Fellow associate	Research fees	(1)	-	(82)	-
			Cross charges towards facility and other expenses	(10)	-	(3)	-
			Trade receivables	-	3	-	87
			Unbilled revenue	-	6	-	-
4	Biocon FZ LLC	Fellow subsidiary	Professional charges	35	-	30	-
			Trade payables	-	(27)	-	(21)
5	Biocon SA	Fellow subsidiary	Interest on preference shares	-	-	137	303
			Purchase of preference shares of Biocon Malaysia	3,846	-	-	-
			Trade payables	-	-	-	(210)
6	Biocon Pharma UK Limited	Fellow subsidiary	Expenses incurred by related party on behalf of the Group [Refer note (h) below]	0	-	-	-
			Other receivables	-	-	-	9
7	Biocon Pharma Limited	Fellow subsidiary	Research Service	(24)	-	-	-
			Cross charges towards facility and other expenses	(35)	-	-	-
			Product sales	(58)	-	-	-
			Trade Receivables	-	5	-	-
			Unbilled revenue	-	3	-	-

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2020 to March 31, 2021 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2021 (Payable)/ Receivable	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable
8	Biocon Foundation	Fellow subsidiary	Expenses incurred on behalf of the related party	-	-	(1)	-
			Contribution towards CSR expenses	31	-	-	-
			Trade receivables	-	2	-	2
9	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges	21	-	15	-
			Trade payables [Refer note (h) below]	-	-	-	(0)
10	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods	(55)	-	(70)	-
			Trade receivables	-	18	-	11
11	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (e) & (f) below]	280	-	73	-
			Sitting fees and remuneration	19	-	8	-
			Other payables	-	-	-	3

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

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

(c) The loan from holding company is presented net of repayments due to multiple transactions

(d) Key managerial personnel include:

 (i) Dr. Christiane Hamacher, Managing Director & Chief Executive Officer (CEO w.e.f March 01, 2019 till February 28, 2021 and Managing Director w.e.f. October 11, 2019 till January 20, 2021)

 (ii) Arun Chandavarkar, Non-Executive Director till January 20, 2021 and Managing Director w.e.f. January 21, 2021

 (iii) Kiran Mazumdar Shaw, Non-Executive Director Chairperson till January 20, 2021 and Executive Chairperson w.e.f. January 21, 2021

 (iv) Akhilesh Nand, Company Secretary (w.e.f. July 23, 2020)

 (v) Mayank Verma, Company Secretary (w.e.f. August 1, 2019 upto July 23, 2020)

 (vi) M.B. Chinappa, Chief Financial Officer (w.e.f January 06, 2020)

 (vii) Peter Piot, Independent director (w.e.f. January 21, 2021)

 (viii) Bobby Kanubhai Parikh, Independent director (w.e.f. August 1, 2019)

 (ix) Nivruti Rai, Independent director (w.e.f. August 1, 2019)

 (x) Russell Walls, Independent director

 (xi) Daniel M Bradbury, Independent director (w.e.f. August 1, 2019)

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

(f) Share based compensation expense allocable to key management personnel is ₹ 8 (March 31, 2020: ₹ 4), which is not included in the remuneration disclosed above.

(g) Fellow subsidiary companies with whom the Group did not have any transactions:

 (i) Syngene USA Inc., a subsidiary of Syngene International Limited

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

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

 (iv) Biocon Pharma Ireland Limited, a subsidiary of Biocon Pharma Limited

 (v) Biocon Pharma Inc., a subsidiary of Biocon Pharma Limited

 (vi) Biocon Pharma Malta, a subsidiary of Biocon Pharma Limited

 (vii) Biocon Pharma Malta I, a subsidiary of Biocon Pharma Malta

 (viii) Biocon Academy, a subsidiary of Biocon Limited

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

	Year ended March 31, 2021	Year ended March 31, 2020
29. Tax expense		
(a) Amount recognised in Statement of profit and loss		
Current tax	685	980
Deferred tax expense/(income) related to:		
MAT credit entitlement	(261)	(180)
Origination and reversal of temporary differences	321	201
Tax expense for the year	**745**	**1,001**
(b) Reconciliation of effective tax rate		
Profit before tax	3,420	4,174
Tax at statutory income tax rate 29.12% (March 31, 2020: 29.12%)	996	1,215
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Difference in overseas/domestic tax rates	(111)	(205)
Exempt income and other deductions	(519)	(637)
Tax losses for which no deferred tax was recognised	416	673
Non-deductible expense	6	50
Others	(43)	(95)
Income tax expense	745	1,001

(c) Recognised deferred tax assets and liabilities

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

For the year ended March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity / movement in balance sheet	Exchange difference	Closing balance
Deferred tax liabilities						
Property, plant and equipment and intangible assets	376	223	-	-	(24)	575
Derivative assets	-	-	38	-	-	38
Gross deferred tax liabilities	376	223	38	-	(24)	613
Deferred tax assets						
Employee benefit obligations	69	-	2	-	-	71
Allowance for doubtful debts	8	-	-	-	-	8
MAT credit entitlement	555	261	-	-	-	816
Derivative liability	17	-	148	-	-	165
Deferred revenue	199	(114)	-	-	(3)	82
Lease obligation	36	16	-	-	-	52
Others	40	-	-	-	-	40
Gross deferred tax assets	924	163	150	-	(3)	1,234
Net deferred tax assets	548	(60)	112	-	21	621

For the year ended March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity / movement in balance sheet	Exchange difference	Closing balance
Deferred tax liabilities						
Property, plant and equipment and intangible assets	74	245	-	-	57	376
Gross deferred tax liabilities	74	245	-	-	57	376
Deferred tax assets						
Employee benefit obligations	20	39	10	-	-	69
Allowance for doubtful debts	9	(1)	-	-	-	8
MAT credit entitlement	375	180	-	-	-	555
Derivative liability	-	-	17	-	-	17
Deferred revenue	190	(1)	-	-	10	199
Lease obligation	-	36	-	-	-	36
Others	40	(29)	-	29	-	40
Gross deferred tax assets	634	224	27	29	10	924
Net deferred tax assets	560	(21)	27	29	(47)	548

30. Employee benefit plans

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

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

	Net defined benefit obligation	
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	255	194
Current service cost	37	28
Interest expense/(income)	15	13
Amount recognised in Statement of profit and loss	52	41
Remeasurements:		
Actuarial (gain)/loss arising from:		
Financial assumptions	3	17
Experience adjustment	2	20
Amount recognised in other comprehensive income	5	37
Benefits paid	(11)	(12)
Liability Transferred out	-	(5)
Balance at the end of the year	301	255
Non-current	270	227
Current	31	28
	301	255

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

	March 31, 2021	March 31, 2020
Interest rate	5.6%	5.8%
Discount rate	5.6%	5.8%
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 7 years (March 31, 2020 - 7 years).

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

(iii) Sensitivity analysis

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

Particulars	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(17)	19	(14)	16
Salary increase (1% change)	18	(17)	15	(14)
Attrition rate (1% change)	(5)	5	(4)	4

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

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	31
2nd Following year	31
3rd Following year	37
4th Following year	34
5th Following year	29
Years 6 to 10	285

31. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2021	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments	3,330	-	-	3,330	3,330	-	-	3,330
Trade receivables	-	-	4,040	4,040	-	-	-	-
Cash and cash equivalents	-	-	2,583	2,583	-	-	-	-
Other bank balance	-	-	2,060	2,060	-	-	-	-
Derivative assets	-	129	-	129	-	129	-	129
Other financial assets	-	-	6,039	6,039	-	-	-	-
	3,330	**129**	**14,722**	**18,181**	**3,330**	**129**	**-**	**3,459**
Financial liabilities								
Lease liabilities	-	-	1,965	1,965	-	-	-	-
Derivative liability	-	618	-	618	-	618	-	618
Borrowings	-	-	27,950	27,950	-	-	-	-
Trade payables	-	-	9,314	9,314	-	-	-	-
Other financial liabilities	12,864	-	9,596	22,460	-	-	12,864*	12,864
	12,864	**618**	**48,825**	**62,307**	**-**	**618**	**12,864**	**13,482**

	Carrying amount				Fair value			
March 31, 2020	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	3,268	3,268	-	-	-	-
Cash and cash equivalents	-	-	2,719	2,719	-	-	-	-
Other financial assets	-	-	4,007	4,007	-	-	-	-
	-	-	9,994	9,994	-	-	-	-
Financial liabilities								
Lease Liability	-	-	2,219	2,219	-	-	-	-
Derivative liability	-	212	-	212	-	212	-	212
Borrowings	-	-	18,914	18,914	-	-	-	-
Trade payables	-	-	7,177	7,177	-	-	-	-
Other financial liabilities	17,864	-	6,796	24,660	-	-	17,864*	17,864
	17,864	212	35,106	53,182	-	212	17,864	18,076

*Preference shares are convertible / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been recorded at its fair value which is equivalent to the face value.

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

B. Measurement of fair values

Fair value of liquid investments are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market price.

Sensitivity analysis

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

	March 31, 2021		March 31, 2020	
	Impact on other components of equity		Impact on other components of equity	
Significant observable inputs	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(74)	86	(38)	74
Interest rates (100 bps movement)	272	(272)	69	(69)

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Group's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(ii) Credit risk

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

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

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables, unbilled revenue and other receivables. The exposure to credit risk as at reporting date amounts to ₹ 27 (March 31, 2020: ₹ 26).

Allowance for impairment	March 31, 2021	March 31, 2020
Opening Balance	26	32
Impairment loss recognised	1	-
Impairment loss reversed	-	(6)
Closing Balance	27	26

Details of financial assets – not due, past due and impaired

The ageing of trade receivables is given below

Particulars	March 31, 2021	March 31, 2020
Neither past due nor impaired	3,791	3,071
Past due but not impaired		
Less than 365 days	256	207
More than 365 days	20	16
Less: Allowance for credit losses	(27)	(26)
Total	4,040	3,268

Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

Trade receivables including unbilled revenue from an individual customer is ₹ 2,846 (March 31, 2020 - ₹1,535) which is more than 10 percent of the Group's trade receivables including unbilled revenue.

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

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

As at March 31, 2021, outstanding NCRPS and OCRPS issued to Holding Company amounts to ₹ 12,864 with a tenure of 10 years from the date of issue has been disclosed under current maturities of long-term borrowings. The Group believes that the working capital excluding NCRPS and OCRPS is sufficient to meet its current liquidity requirements. Also, refer note 1.2 (a). Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2021:

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	3,343	2,750	8,794	13,063	27,950
Lease liabilities	481	478	1,128	629	2,716
Trade payables	9,314	-	-	-	9,314
Derivative liabilities	228	161	225	4	618
Other financial liabilities	22,460	-	-	-	22,460
Total	35,826	3,389	10,147	13,696	63,058

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2020:

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	3,211	3,165	4,243	8,295	18,914
Lease liabilities	476	495	1,377	868	3,216
Trade payables	7,177	-	-	-	7,177
Derivative liabilities	159	47	6	-	212
Other financial liabilities	24,660	-	-	-	24,660
Total	35,683	3,707	5,626	9,163	54,179

(iv) *Market risk*

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

Foreign currency risk

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

The currency profile of financial assets and financial liabilities as at March 31, 2021 and March 31, 2020 are as below:

March 31, 2021	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,939	3	342	3,284
Cash and cash equivalents	1,783	27	93	1,903
Other bank balance	60			60
Derivative assets	129	-	-	129
Other financial assets	5,720	-	69	5,789
Financial liabilities				
Long-term borrowings	(8,815)	-	-	(8,815)
Short-term borrowings	(3,015)	-	(328)	(3,343)
Derivative liabilities	(618)	-	-	(618)
Trade payables	(4,394)	(642)	(591)	(5,627)
Other financial liabilities	(8,302)	(145)	(205)	(8,652)
Net liabilities	**(14,513)**	**(757)**	**(620)**	**(15,890)**

March 31, 2020	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,980	45	72	3,097
Cash and cash equivalents	1,845	23	4	1,872
Other financial assets	3,872	-	44	3,916
Financial liabilities				
Long-term borrowings	(15,703)	-	-	(15,703)
Short-term borrowings	(2,958)	-	(253)	(3,211)
Derivative liabilities	(212)	-	-	(212)
Trade payables	(2,418)	(569)	(349)	(3,336)
Other financial liabilities	(3,867)	(148)	(316)	(4,331)
Net liabilities	**(16,461)**	**(649)**	**(798)**	**(17,908)**

Sensitivity analysis

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

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
USD Sensitivity				
INR/USD - Increase by 1%	(73)	(78)	(219)	(203)
INR/USD - Decrease by 1%	73	78	231	239
EUR Sensitivity				
INR/EUR - Increase by 1%	(6)	(6)	(8)	(6)
INR/EUR - Decrease by 1%	6	6	8	6

Derivative financial instruments

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

Particulars	March 31, 2021	March 31, 2020
	(in Million)	
Foreign exchange forward contracts to buy between 0-1 Years	USD 100	USD 24
European style option contracts with periodical maturity dates between 1-2 Years	USD 70	-
European style range forward contracts with periodical maturity dates between 1-2 Years	USD 70	-
Interest rate swaps used for hedging LIBOR component in external commercial borrowings	USD 107	USD 61

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended March 31, 2021 and March 31, 2020 the Group's borrowings at variable rate were denominated in INR and USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2021	March 31, 2020
Variable rate borrowings	22,550	18,891
Fixed rate borrowings	25,732	21,922
Total borrowings	**48,282**	**40,813**

(b) Sensitivity

The Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

32. Capital management

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Group focused on keeping strong total capital base to ensure independence, security as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Group.

To maintain a stable capital structure, during the year the Group has issued equity shares (refer note 12) and debentures (refer note 13) for a consideration (net of issue expense) of ₹ 7,664 (March 31, 2020 : ₹ 5,294) and ₹ 13,016 (March 31, 2020 : Nil).

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

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

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

The capital structure as of March 31,2021 and March 31,2020 was as follows:

Particulars	March 31, 2021	March 31, 2020
Total equity	17,811	7,456
Preference share capital (NCRPS and OCRPS)	12,864	17,864
Total capital attributable to the shareholders of the Company (including NCRPS and OCRPS)	30,675	25,320
As a percentage of total capital	46%	52%
Long-term borrowings *	32,075	19,738
Short-term borrowings	3,343	3,211
Total borrowings	35,418	22,949
As a percentage of total capital	54%	48%
Total capital (Equity capital, preference capital and borrowings)	66,093	48,269

* includes OCD amounting to ₹ 10,293 (March 31, 2020 : Nil) [refer note 13(g)]

33. Interest in other entities

(a) Subsidiaries

The Group's subsidiaries as at March 31, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the Group (%)		Principal activities
		March 31, 2021	March 31, 2020	
Biocon Biologics UK Limited	United Kingdom	100	100	Sale of biosimilar products
Biocon Sdn Bhd	Malaysia	100	100	Biopharmaceutical manufacturing and Sale of biosimilar products
Biocon Biologics Inc.	United States of America	100	100	Sale of biopharmaceutical products
Biocon Biologics Healthcare Malaysia Sdn Bhd (formerly "Biocon Healthcare Sdn Bhd")	Malaysia	100	100	Sale of biopharmaceutical products
Biocon Biologics Do Brasil LTDA *	Brazil	100	NA	Sale of biopharmaceutical products
Biocon Biologics FZ LLC *	United Arab Emirates	100	NA	Sale of biopharmaceutical products

*incorporated during the year ended March 31, 2021

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

Name of Entity	Net assets as at March 31, 2021		Share in profit or loss for the year ended March 31, 2021		Share in other comprehensive income for the year ended March 31, 2021		Share in total comprehensive income for the year ended March 31, 2021	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Holding Company								
Biocon Biologics Limited (formerly "Biocon Biologics India Limited")	50%	20,493	177%	2,097	125%	(380)	195%	1,717
Subsidiaries								
Foreign								
Biocon Sdn Bhd	(12%)	(4,972)	-208%	(2,465)	-25%	76	-271%	(2,389)
Biocon Biologics UK Limited	62%	25,174	140%	1,660	0%	-	188%	1,660
Biocon Biologics Healthcare Malaysia Sdn Bhd (formerly "Biocon Healthcare Sdn Bhd")	0%	(1)	0%	-	0%	-	0%	-
Biocon Biologics Inc	0%	(42)	-7%	(87)	0%	-	-10%	(87)
Biocon Biologics Do Brasil LTDA	0%	1	-2%	(19)	0%	-	-2%	(19)
Biocon Biologics FZ LLC	0%	-	0%	-	0%	-	0%	-
Gross Total	100%	40,653	100%	1,186	100%	(304)	100%	882
Adjustment arising on consolidation		(22,842)		1,489		(145)		1,344
Total		17,811		2,675		(449)		2,226

Name of Entity	Net assets as at March 31, 2020		Share in profit or loss for the year ended March 31, 2020		Share in other comprehensive income for the year ended March 31, 2020		Share in total comprehensive income for the year ended March 31, 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Holding Company								
Biocon Biologics Limited (formerly "Biocon Biologics India Limited")	42%	10,153	102%	2,883	48%	(67)	105%	2,816
Subsidiaries								
Foreign								
Biocon Sdn Bhd	-11%	(2,683)	-99%	(2,793)	52%	(74)	-107%	(2,867)
Biocon Biologics UK Limited	69%	16,692	97%	2,734	0%	-	102%	2,734
Biocon Biologics Healthcare Malaysia Sdn Bhd (formerly "Biocon Healthcare Sdn Bhd")	0%	(1)	0%	(8)	0%	-	0%	(8)
Biocon Biologics Inc	0%	-	0%	-	0%	-	0%	-
Biocon Biologics Do Brasil LTDA	0%	-	0%	-	0%	-	0%	-
Biocon Biologics FZ LLC	0%	-	0%	-	0%	-	0%	-
Gross Total	100%	24,161	100%	2,816	100%	(141)	100%	2,675
Adjustment arising on consolidation		(16,705)		357		783		1,140
Total		7,456		3,173		642		3,815

Particulars	March 31, 2021	March 31, 2020
35. Contingent liabilities and commitments		
(to the extent not provided for)		
(i) Contingent liabilities		
(a) Claims against the Group not acknowledged as debt	1,041	1,058
The above includes		
(i) Direct taxation	986	985
(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)	55	73
The Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Group believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.		
Other than the matter disclosed above, the Group is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters will not have any material adverse effect on the Group's financial position and results of operations.		
(ii) Commitments:		
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,119	3,898

	Year ended March 31, 2021	Year ended March 31, 2020
36. Earning per share (EPS) :		
Earnings		
For basic and diluted EPS*	2,675	3,173
Shares		
Basic outstanding shares #	1,030,219,915	869,894,452
Add: Weighted average shares issued during the year	6,328,164	156,263,787
Weighted average shares used for computing basic EPS	1,036,548,079	1,026,158,239
Add: Effect of dilutive rights granted under OCRPS	38,564,446	8,021,697
Add: Effect of dilutive rights granted under OCD *	-	-
Weighted average shares used for computing diluted EPS	1,075,112,525	1,034,179,936
Earnings per share		
Basic (in ₹)	2.58	3.09
Diluted (in ₹)	2.49	3.07

*As at March 31, 2021, outstanding OCD are anti-dilutive in nature.

adjusted for the effect of bonus shares for the year ended March 31, 2020

37. Segmental reporting

The Chief Operating Decision Maker reviews the operations of the Group as Pharmaceutical business, which is considered to be the only reportable segment by the management. Hence, there are no additional disclosures to be provided under Ind AS 108 'Operating Segments'.

38. Employee stock compensation

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

Total number of options outstanding	March 31, 2021	March 31, 2020
ESOP Plan2000	7,306,345	10,845,008
RSU Plan 2015	188,568	426,248
RSU Plan 2019 #	5,610,785	985,657

adjusted for the impact of bonus issue

The Group has recorded an amount of ₹ 161 (March 31, 2020: ₹ 200) as cost of the above stock option plans based on amounts cross charged by its Holding company.

39. Exceptional item

1. During the year ended March 31, 2021, the Company has paid registration fees for increasing authorise share capital of the Company and stamp duty fees on issue of such shares, amounting to ₹ 5 (March 31, 2020 - ₹ 38) is recorded as exceptional item. Consequential tax of ₹ 1 is included within tax expense.

2. During the year the Company had incurred severance cost amounting to amounting to ₹ 221 arising from exit of certain key personnel which is recorded as exceptional item for the year ended March 31, 2021 (March 31, 2020 - Nil). Consequential tax of ₹ 27 is included within tax expense.

40.Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company did not meet the applicability threshold until year ended March 31, 2020.

(a) Amount required to be spent by the Group during the year ended March 31, 2021 is ₹ 31; and

(b) Amount spent during the year is as below:

	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset *	24	-	24
(ii)	On purposes other than (i) above	7	-	7
		31	-	31

* not owned by the Company

41. Business combinations under common control

The Group as a part of restructuring during the previous year had acquired the followings:

(a) Business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 for a consideration of ₹ 7,054.

Branded Formulations business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 for a consideration of ₹ 621.

Above transactions are referred to as "Slump Sale".

(b) 100% equity stake in Biocon Biologics Limited ("BUK") on May 29, 2019 for a consideration of ₹ 10,810 from Biocon Limited. BUK is incorporated in United Kingdom and engaged in development and commercialisation of biosimilar products. Consequently, the subsidiaries of Biocon Biologics Limited which are Biocon Sdn Bhd and Biocon Biologics Healthcare Malaysia Sdn Bhd (formerly "Biocon Healthcare Sdn Bhd") became part of the Group.

(c) On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement for merger of Biocon Research Limited ("BRL") with the Company under Companies Act, 2013. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019.

The consideration for acquisition of BRL was 3,106 fully paid equity shares of ₹ 10 each for every 10 equity shares of ₹ 1 each held in the BRL, resulting in issue of 155,300,000 equity shares of ₹ 10 each by the Company to the shareholders of BRL.

Summary of consideration and the value of net identifiable assets acquired

Particulars	Slump sale	BUK	BRL	Total
Net asset acquired / share capital	7,613	11,076	1	18,690
Consideration	7,675	10,810	1,553	20,038
Amalgamation adjustment	(62)	266	(1,552)	(1,348)

These transactions have been recorded/presented on an as if pooling basis to reflect the effects of these common control business combinations from the first day of earliest period presented in the previous year i.e, April 1, 2018.

42. In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Group has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

43. The previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 27, 2021

for and on behalf of the Board of Directors of Biocon Biologics Limited
(formerly known as "Biocon Biologics India Limited")

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Arun Chandavarkar
Managing Director
DIN: 01596180

M. B. Chinappa
Chief Financial Officer

Akhilesh Kumar Nand
Company Secretary

Bengaluru
April 27, 2021