INDEPENDENT AUDITORS' REPORT

To the Members of Biocon Biosphere Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the directors' report (but does not include the Financial Statements and our Auditors' Report thereon)

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the 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 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (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 balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31 March 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 Auditors' 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 does not have any pending litigations which would impact its financial position;

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

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

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 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 Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid/provided for managerial remuneration during the year. Accordingly, the provisions of Section 197 of the Act is not applicable. 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: 21060573AAAABS1218

Place: Bengaluru
Date: 28 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 financial statements for the year ended 31 March 2021, we report the following:

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

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

(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').

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted 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. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us and in our opinion, since the Company has not commenced commercial production. The provisions of Clause 3 (vi) of the Order are not applicable to the Company.

(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 Income tax, where applicable have generally been regularly deposited during the year with the appropriate authorities though there has been a slight delay in a few cases. The Company did not have any dues of Provident Fund, Employees' State Insurance, Goods and Service tax and duty of Customs, cess and other material dues.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Goods and Service tax, duty of Customs, Income tax, 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, Goods and Service tax, duty of Customs, and cess which have not been deposited by the Company on account of any disputes.

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

(ix) According to the information and explanations give 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 our examination of the records of the Company, no managerial remuneration has been paid or is payable by the Company.

(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 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company.

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

(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: 21060573AAAABS1218

Place: Bengaluru
Date: 28 April 2021

Annexure B to the Independent Auditors' report on the financial statements of Biocon Biosphere Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the 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 financial statements of Biocon Biosphere Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

Management's 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 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 financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with reference to Financial Statements

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

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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 21060573AAAABS1218

Place: Bengaluru
Date: 28 April 2021

Balance Sheet as at March 31, 2021

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

	Note	March 31, 2021	March 31, 2020
ASSETS			
Non-current assets			
Capital work in progress		706,479	-
Income-tax assets (net)		143	-
Other non-current assets	3 (a)	111,010	-
Total non-current assets		**817,632**	**-**
Current assets			
Financial assets			
(i) Cash and cash equivalents	4	7,204	508
Other current assets	3 (b)	45	-
Total current assets		**7,249**	**508**
TOTAL		**824,881**	**508**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5 (a)	500	500
Other equity	5(b)	(4,138)	(4,405)
Total equity		**(3,638)**	**(3,905)**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	6	459,709	-
Total non-current liabilities		**459,709**	**-**
Current liabilities			
Financial liabilities			
(i) Trade payables			
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises	7	90	4,413
(ii) Other financial libilities	8	367,916	-
Other current liabilities	9	804	-
Total current liabilities		**368,810**	**4,413**
TOTAL		**824,881**	**508**

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

As per our report of even date attached

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 28, 2021

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Bengaluru
April 28, 2021

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
April 28, 2021

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

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

	Note	Year ended March 31, 2021	From December 24, 2019 to March 31, 2020
Income			
Other income	10	1,210	-
		1,210	**-**
Expenses			
Other expenses	11	863	4,405
Total expenses		**863**	**4,405**
Profit / (Loss) before tax for the year/period		**347**	**(4,405)**
Tax expense			
Current tax	14	80	-
Profit / (Loss) after tax for the year/period		**267**	**(4,405)**
Other comprehensive income for the year, net of taxes		-	-
Total comprehensive income / (loss) for the year/period		**267**	**(4,405)**
Earnings / (Loss) per share			
Basic (in ₹)		5.34	(328.13)
Diluted (in ₹)		0.08	(328.13)
Weighted average number of shares used in computing profit/ (loss) per share			
Basic		50,000	13,425
Diluted		3,375,624	13,425

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

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 28, 2021

Kiran Mazumdar-Shaw
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DIN: 00347229

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Bengaluru
April 28, 2021

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2021

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

A. Equity share capital	March 31, 2021	March 31, 2020
Opening balance	500	-
Changes in equity share capital during the period	-	500
Closing balance	500	**500**

B. Other equity

Particulars	Retained earnings	Total other equity
Loss for the period	(4,405)	(4,405)
Balance as at March 31, 2020	**(4,405)**	**(4,405)**
Profit for the year	267	267
Balance as at March 31, 2021	**(4,138)**	**(4,138)**

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 28, 2021

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

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Bengaluru
April 28, 2021

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
April 28, 2021

STATEMENT OF CASH FLOWS for the year ended March 31, 2021

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

		March 31, 2021	From December 24, 2019 to March 31, 2020
I	**Cash flows from operating activities**		
	Profit / (Loss) for the year / period	267	(4,405)
	Adjustments to reconcile profit for the year to net cash flows		
	Unrealised foreign exchange (gain)/loss	(896)	-
	Interest Income	(314)	-
	Tax expense	80	-
	Operating loss before changes in operating assets and liabilities	**(863)**	**(4,405)**
	Movements in operating assets and liabilities		
	Increase in other assets	(45)	-
	(Decrease)/increase in trade payable, other liabilities and provisions	(3,519)	4,413
	Cash generated from operations	**(4,427)**	**8**
	Income taxes paid	(223)	-
	Net cash flow from/(used in) in operating activities	**(4,650)**	**8**
II	**Cash flows from investing activities**		
	Purchase of Property, plant and equipment	(570,394)	-
	Interest received	314	-
	Net cash flow (used in) investing activities	**(570,080)**	**-**
III	**Cash flows from financing activities**		
	Proceeds from long-term borrowings	460,605	-
	Proceeds from issuance of preference shares	120,821	500
	Net cash flow from financing activities	**581,426**	**500**
IV	Net increase in cash and cash equivalents (I + II+III)	6,696	508
V	Cash and cash equivalents at the beginning of the period	508	-
VI	**Cash and cash equivalents at the end of the period (IV+V)**	**7,204**	**508**
	Reconciliation of cash and cash equivalents as per statement of cash flow		
	Cash and cash equivalents (Note 4)		
	Balances with banks - on current accounts	7,204	508
	Balance as per statement of cash flows	**7,204**	**508**

STATEMENT OF CASH FLOWS for the year ended March 31, 2021

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

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

	Opening balance April 01, 2021	Cash flows	Non-movement	Closing balance March 31, 2021
Borrowings	-	460,605	(896)	459,709
Interest accured	-	-	420	420
	-	**460,605**	**(476)**	**460,129**

(a) Statement of Cash Flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

The accompanying notes are an integral part of the 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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 28, 2021

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Bengaluru
April 28, 2021

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
April 28, 2021

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

1. Company overview

1.1 Reporting entity

Biocon Biosphere Limited ("BBL" or "the Company"), subsidiary of Biocon Limited was incorporated on December 24, 2019 under the Companies Act, 2013. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company is in process of setting up its manufacturing facility for Active Pharmaceutical Ingredients (API). As of March 31, 2021, the Company has not commenced its business operations.

1.2 Basis of preparation of financial statements

a) *Statement of compliance*

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

The Company has accumulated losses of INR 4,138 thousand (March 31, 2020: INR 4,405 thousand) and net current liability position of INR 361,561 thousand (March 31, 2020: INR 3,905 thousand) as at March 31, 2021. Notwithstanding past losses and erosion of its net worth, the management of the Company believes that the Company will be able to continue to operate as a going concern for the foreseeable future and meet all its liabilities as they fall due for payment based on its future cash flow projections and continued financial support from Biocon Limited, "the Holding Company". Accordingly, these financial statements have been prepared on a going concern assumption. These financial statements were authorized for issuance by the Company's Board of Directors on April 28, 2021.

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

b) *Functional and presentation currency*

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

c) *Basis of measurement*

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

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value

d) *Use of estimates and judgements*

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

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) — Provision for income taxes
- Note 2(a) and 15 — Financial Instruments

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 17 – recognition and measurement of contingencies and commitments: key assumptions about the likelihood and magnitude of an outflow of resources.

— Note 2(d) and Note 15 – Impairment of Financial and Non-Financial Assets

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 categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes 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 Note 2(a) and 15 – 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;

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

— Fair value through profit or loss (FVTPL)

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

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

The Company also derecognizes 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 realize the asset and settle the liability simultaneously.

v. 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.

b. Property Plant and Equipment

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

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

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

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

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

c. 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 realize the asset and settle the liability on a net basis or simultaneously.

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

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

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

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

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilized. 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 realize the asset and settle the liability simultaneously.

d. Impairment

a. 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

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

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

b. 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 Cash Generating Unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

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

The Company's non-financial assets 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 group of CGUs) on a pro rata basis.

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

e. Provisions (other than for employee benefits)

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Onerous contracts

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

f. 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 to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

g. 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.

h. 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.

i. 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.

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	March 31, 2021	March 31, 2020
3. Other assets		
(Unsecured considered good, unless otherwise stated)		
(a) Non-current		
Capital advances	111,010	-
	111,010	**-**
(b) Current		
Advance to suppliers	45	-
	45	**-**
4. Cash and cash equivalents		
Cash and cash equivalents		
Balances with banks:		
On current accounts	7,204	508
Total Cash and cash equivalents	**7,204**	**508**
5 (a). Share capital		
Authorized share capital		
1,000,000 (March 31, 2020 - 50,000,000) equity shares of ₹ 10 each (March 31, 2020 - ₹ 10 each)	10,000	500,000
49,000,000 (March 31, 2020 - Nil) preference shares of ₹ 10 each (March 31, 2020 - ₹ Nil)	490,000	-
Issued, subscribed and fully paid-up share capital		
50,000 (March 31, 2020: 50,000) equity shares of ₹ 10 each	500	500
12,082,125 (March 31, 2020: Nil) Optionally Convertible Redeemable Non cumulative Preference Shares ("OCRPS") of ₹ 10 each	120,821	-
	121,321	500
Less : Preference share capital classified as a financial liability [refer note 6]	(120,821)	-
Equity share capital	**500**	**500**

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

(a) Equity shares	March 31, 2021		March 31, 2020	
	No.	₹ Thousands	No.	₹ Thousands
At the beginning of the year	50,000	500	-	-
Issued during the year	**-**	**-**	50,000	500
Outstanding at the end of the year	**50,000**	**500**	**50,000**	**500**

(b) Preference shares	March 31, 2021		March 31, 2020	
	No.	₹ Thousands	No.	₹ Thousands
At the beginning of the year	-	-	-	-
Issued during the year	12,082,125	120,821	-	-
Outstanding at the end of the year	**12,082,125**	**120,821**	**-**	**-**

(ii) Terms/ rights attached to shares

(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) Optionally Convertible Redeemable Non cumulative 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.

(c) The aforesaid preference shares are convertible (variable number of equity shares) 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 6.

(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)	50,000	100%	50,000	100%
OCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	12,082,125	100%	-	-

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

5(b). Other equity

Retained earnings

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

	March 31, 2021	March 31, 2020
6. Long-term borrowings		
Loans from banks (Secured)		
Term loan [refer note (a)]	459,709	-
Other loans and advances (Unsecured)		
Optionally convertible redeemable non cumulative preference shares [refer note 5 (a) (ii)(b)]	120,821	-
	580,530	**-**
Less: Amount disclosed under the head "other current financial liabilities" [refer note 8]	(120,821)	-
	459,709	**-**

(a) During the year ended March 31, 2021, the Company had obtained an external commercial borrowing facility of USD 50 million from HDFC Bank Limited. The long-term loan is repayable in 3 annual instalments commencing from January 2025 and carries an interest rate of LIBOR + 1.75%. 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 ₹ 4,59,709 (March 31, 2020: Nil).

7. Trade payables

	March 31, 2021	March 31, 2020
Total outstanding dues of micro and small enterprises [refer note 12]	-	-
Total outstanding dues of creditors other than micro and small enterprises*	90	4,413
	90	**4,413**

(a) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 15.

*Includes dues to related parties [refer note 13]

8. Other financial liabilities

Current

	March 31, 2021	March 31, 2020
Current maturities of long-term borrowings [refer note 6]	120,821	
Payables for capital goods	246,675	-
Interest accrued but not due	420	-
	367,916	**-**

9. Other liabilities

Current

	March 31, 2021	March 31, 2020
Statutory dues	804	-
	804	**-**

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	Year ended March 31, 2021	From December 24, 2019 to March 31, 2020
10.Other Income		
Interest on deposits with bank	314	-
Foreign exchange gain, net	896	-
	1,210	**-**
11. Other expenses		
Rates, taxes and fees	615	4,405
Professional charges	11	-
Payments to auditors [refer note (a) below]	200	-
Miscellaneous expenses	37	-
	863	**4,405**
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	200	-

12. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers which has been relied on by the auditors. As at March 31, 2021, there are no parties registered under the said Act.

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13. Related Party Disclosures:

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

Sl No	Name of related party	Relationship	Description	For the year ended March 31, 2021 Expenses / (Income) / Other Transaction	March 31, 2021 Payables/ (Receivables)	For the period December 24, 2019 to March 31, 2020 Expenses / (Income) / Other Transaction	As at March 31, 2020 Payables/ (Receivables)
1	Biocon Limited	Holding Company	Issue of equity/Preference Shares	120,821	-	500	-
			Receipt of capital work in progress	96,159	-	-	-
			Interest expenses	1,698	-	-	-
			Cross charges towards other expenses	1,009	-	4,405	-
			Other Payables	-	187		4,413

(b) Fellow subsidiaries/subsidiaries companies with whom the Company did not have any transactions:

(i) Biocon Academy, a subsidiary of Biocon Limited
(ii) Biocon SA, a subsidiary of Biocon Limited
(iii) Biocon FZ LLC, a subsidiary of Biocon Limited
(iv) Bicara Therapeutics Inc, USA, a subsidiary of Biocon Limited (upto January 09, 2021)
(v) Biocon Pharma Limited, a subsidiary of Biocon Limited
(vi) Biocon Biologics Limited UK, a step down subsidiary of Biocon Biologics Limited
(vii) Biocon SDN BHD, a step down subsidiary of Biocon Biologics UK Limited
(viii) Syngene International Limited, a subsidiary of Biocon Limited
(ix) Biocon Pharma Malta Limited, a step down subsidiary of Biocon Pharma Limited
(x) Biocon Pharma Ireland Limited, a step down subsidiary of Biocon Pharma Limited
(xi) Biocon Biologics Healthcare Sdn Bhd, a step down subsidiary of Biocon Biologics UK Limited
(xii) Syngene USA Inc., a step down subsidiary of Biocon Limited
(xiii) Biocon Biologics Inc, a step down subsidiary of Biocon Biologics UK Limited
(xiv) Biocon Pharma Malta I Limited, a step down subsidiary of Biocon Pharma Malta Limited
(xv) Biofusion Therapeutics Limited, a subsidiary of Biocon Limited
(xvi) Biocon Biologics FZ LLC, a step down subsidiary of Biocon Biologics UK Limited
(xvii) Biocon Biologics Do Brasil Ltda, a step down subsidiary of Biocon Biologics UK Limited
(xviii) Biocon Pharma Inc, a step down subsidiary of Biocon Pharma Limited
(xix) Biocon Pharma UK Limited, a step down subsidiary of Biocon Pharma Limited
(xx) Biocon Biologics Limited, a subsidiary of Biocon Limited

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

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

	March 31, 2021	March 31, 2020
14. Tax expense		
(a) Amount recognised in Statement of profit and loss		
Current tax	80	-
Tax expense for the year/period	**80**	**-**
(b) Reconciliation of effective tax rate		
Profit before tax	347	(4,405)
Tax at statutory income tax rate 25.17% (March 31, 2020 - 25.17%)	87	(1,109)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expense	219	-
Exempt income and other deductions	(226)	-
Tax Losses for which no deferred income tax was recognised	-	1,109
Income tax expense	**80**	**-**
(c) Tax losses		
Unused tax losses for which no deferred income tax has been recognised	4,405	4,405
Potential tax impact	1,109	1,109
Expiry date (financial year)	2021-22 to 2027-28	2020-21 to 2027-28

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15. Financial intruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2021	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	7,204	7,204	-	-	-	-
	-	**-**	**7,204**	**7,204**	**-**	**-**	**-**	**-**
Financial liabilities								
Borrowings	-	-	459,709	459,709	-	-	-	-
Trade payables	-	-	90	90	-	-	-	-
Other financial liabilities	120,821	-	247,095	367,916	-	-	120,821#	120,812
	120,821	**-**	**706,894**	**827,715**	**-**	**-**	**120,821**	**120,812**

March 31, 2020	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	508	508	-	-	-	-
	-	**-**	**508**	**508**	**-**	**-**	**-**	**-**
Financial liabilities								
Trade payables	-	-	4,413	4,413	-	-	-	-
	-	**-**	**4,413**	**4,413**	**-**	**-**	**-**	**-**

(a) The fair value of trade payables and other financial liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature.

These preference shares are convertible (variable number of equity shares), any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been disclosed at its fair value which is equivalent to the face value.

B. Financial risk management

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

- 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) 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.

Based on the support of the Holding Company to provide funding as and when required till the company starts commercial production, the Company believes that it will be able to meet its working capital requirements. Accordingly, no liquidity risk is perceived.

The following are the contractual maturities of financial liabilities and excluding interest payments . The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay:

March 31, 2021 Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings		-	459,709	-	459,709
Trade payables	90	-	-	-	90
Other current financial liabilities	367,916	-	-	-	367,916
Total	**368,006**	**-**	**459,709**	**-**	**827,715**

March 31, 2020 Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Trade payables	4,413	-	-	-	4,413
Total	**4,413**	**-**	**-**	**-**	**4,413**

(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 liabilities				
Borrowings	(459,709)	-	-	(459,709)
Net assets / (liabilities)	(459,709)	-	-	(459,709)

Sensivitity analysis

The sensivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	**Impact on profit or loss**		**Impact on other components of equity**	
	Mar 31, 2021	March 31, 2020	Mar 31, 2021	March 31, 2020
USD Sensitivity				
INR/USD - Increase by 1%	(4,597)	-	(4,597)	-
INR/USD - Decrease by 1%	4,597	-	4,597	-

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 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2021	March 31, 2020
Fixed rate borrowings	459,709	-
Total borrowings	**459,709**	**-**

(b) Sensitivity

The Company policy is to address interest rate risk exposure using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107

16. Capital management

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

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

Furthermore, the company is in the early stage of building its production capabilities and is yet to commence the commercial production. Based on the support of the Holding Company to provide funding as and when required till the company starts commercial production, the company continues to manage its capital structure.

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

Particulars	March 31, 2021	March 31, 2020
Total Equity	(3,638)	(3,905)
Preference Share Capital (OCRPS)	120,821	-
Total capital attributable to the shareholders of the Company (including OCRPS)	**117,183**	**(3,905)**
As a percentage of total capital	20%	100%
Borrowings	459,709	-
Total borrowings	**459,709**	**-**
As a percentage of total capital	80%	-
Total capital (Equity capital, preference capital and borrowings)	**576,892**	**(3,905)**

17. Contingent liabilities and commitments

(i) Capital commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2021, net of advances, is ₹21,81,763 (March 31, 2020:- Nil).

(ii) Contingent liabilities:

The company has no contingent liability as at March 31, 2021

18. 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 ensure business continuity with minimal disruption.The Company has considered internal and external information while finalising 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.

19. 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 Biosphere Limited**

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
April 28, 2021

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Bengaluru
April 28, 2021

Siddharth Mittal
Director
DIN: 03230757

Bengaluru
April 28, 2021