INDEPENDENT AUDITORS’ REPORT

To the Members of Biocon Pharma Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Biocon Pharma 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 year 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 loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the 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 has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 32 to the 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 29 to the financial statements ;

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: 21060573AAAABT1771

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) (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. In accordance with this programme, certain fixed assets were 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 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.

(iii) The Company has granted loan to a Company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the Company listed in the register maintained under Section 189 of the Act was not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loan granted to the Company covered in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the principal and interest as stipulated.

(c) There are no overdue amounts in respect of the loan granted to a company covered in the register maintained under Section 189 of the Act.

(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 investments 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) To the best of our knowledge and as explained, the central government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services provided by 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 provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, excise duty, service tax, goods and service tax (GST), cess and other material statutory dues have been generally regularly deposited during the year 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, sales tax, value added tax, duty of customs, excise duty, service tax, goods and service tax (GST), 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, sales tax, value added tax, service tax, duty of customs, duty of excise, goods and service tax (GST) 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 debentureholders 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 explanation 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 year.

(xi) According to the information and explanations give 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 explanation 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 financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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, para 3 (xiv) of the Order is not applicable.

(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.

(xvi) According to the information and explanations 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: 21060573AAAABT1771
Place: Bengaluru
Date: 28 April 2021

Annexure B to the Independent Auditors' report on the financial statements of Biocon Pharma 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 Pharma 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: 21060573AAAABT1771

Place: Bengaluru
Date: 28 April 2021

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	3,353	3,598
Capital work-in-progress	3	145	-
Right-of-use assets	4(a)	37	48
Intangible assets	4(b)	24	4
Intangible assets under development	4(b)	283	283
Financial assets			
(i) Investments	5(a)	1,629	937
(ii) Loans	6	-	377
Income tax asset (net)		6	6
Other non-current assets	8(a)	11	9
Total non-current assets		**5,488**	**5,262**
Current assets			
Inventories	9	128	14
Financial assets			
(i) Investments	5(b)	1,130	-
(ii) Trade receivables	10	268	3
(iii) Cash and cash equivalents	11	368	27
(iv) Bank balances other than (iii) above	11	2,090	-
(v) Other financial assets	7(a)	200	5
Deferred tax asset (net)		10	-
Other current assets	8(b)	66	131
Total current assets		**4,260**	**180**
TOTAL		**9,748**	**5,442**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12(a)	141	141
Other equity	12(b)	(2,274)	176
Total equity		**(2,133)**	**317**
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	31	32	43
(ii) Borrowings	13	-	3,342
(iii) Other financial liabilities	14(a)	-	4
Provisions	15(a)	9	8
Total non-current liabilities		**41**	**3,397**
Current liabilities			
Financial liabilities			
(i) Lease liabilities	31	11	9
(ii) Trade payables	16		
Total outstanding dues of micro and small enterprises		10	-*
Total outstanding dues of creditors other than micro and small enterprises		1,957	667
(iii) Other financial liabilities	14(b)	9,808	1,001
Provisions	15(b)	12	11
Deferred tax liability (net)		-	29
Other current liabilities	17	42	11
Total current liabilities		**11,840**	**1,728**
TOTAL		**9,748**	**5,442**

* Amounts are not presented since the amounts are rounded off to Rupees million.

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 Pharma Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Indranil Sen
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2021

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	18	1,984	3
Other income	19	28	22
Total income		**2,012**	**25**
Expenses			
Cost of materials consumed	20	230	16
Purchases of stock-in-trade		524	-
Changes in inventories of stock-in-trade, finished goods and work-in-progress	21	(32)	(14)
Employee benefits expense	22	398	120
Finance cost	23	130	18
Depreciation and amortisation expense	24	273	15
Other expenses	25	1,296	533
Total expenses		**2,819**	**688**
Loss for the year		**(807)**	**(663)**
Tax expense			
Current tax		-	-
Deferred tax	27	452	(219)
Total tax expense		452	(219)
Loss for the year		**(1,259)**	**(444)**
Other comprehensive income / (expense)			
(i) Items that will be not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		1	(3)
Income tax effect		-	1
		1	**(2)**
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		4	(34)
Income tax effect		-	10
		4	**(24)**
Other comprehensive income / (expenses) for the year, net of taxes		**5**	**(26)**
Total comprehensive (expense) for the year, net of taxes		**(1,254)**	**(470)**
Loss per equity share			
Basic and Diluted (in ₹)	33	(89.61)	(31.60)

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 Pharma Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Indranil Sen
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2021

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. Equity share capital

	March 31, 2021	March 31, 2020
Opening balance	141	141
Closing balance	**141**	**141**

B. Other equity

Particulars	Reserves and surplus		Items of other comprehensive income		Total other equity
	Equity component of compound financial instrument	Retained earnings	Cash flow hedging reserve	Other items of other comprehensive income	
Balance as at March 31, 2019	**820**	**(588)**	**36**	**1**	**269**
Loss for the year	-	(444)	-	-	(444)
Other comprehensive (loss)	-	-	(23)	(2)	(25)
Issue of share capital (net of deferred tax)	376	-	-	-	376
Total comprehensive income / (expense) for the year	**376**	**(444)**	**(23)**	**(2)**	**(93)**
Balance as at March 31, 2020	**1,196**	**(1,032)**	**13**	**(1)**	**176**
Loss for the year	-	(1,259)	-	-	(1,259)
Other comprehensive (loss)	-	-	4	1	5
Transfer of equity component to debt component (net of deferred tax)	(1,196)	-	-	-	(1,196)
Total comprehensive income / (expense) for the year	**(1,196)**	**(1,259)**	**4**	**1**	**(2,450)**
Balance as at March 31, 2021	**-**	**(2,291)**	**17**	**-**	**(2,274)**

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 Pharma Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Indranil Sen
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2021

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)

		March 31, 2021	March 31, 2020
I	**Cash flows from operating activities**		
	Loss for the year	(1,259)	(444)
	Adjustments to reconcile loss for the year to net cash flows		
	Unrealised foreign exchange (gain)/loss	17	(24)
	Depreciation and amortisation expense	273	15
	Interest Income	(28)	(4)
	Interest Expense	130	18
	Tax expense	453	(219)
	Operating profit before changes in operating assets and liabilities	**(414)**	**(658)**
	Movements in operating assets and liabilities		
	Decrease/(Increase) in Inventories	(114)	(14)
	Decrease/(Increase) in Trade Receivables	(265)	(3)
	Decrease/(Increase) in other assets	(114)	14
	Increase in trade payable, other liabilities and provisions	1,332	436
	Cash generated from operations	**425**	**(225)**
	Income taxes paid	-	-
	Net cash flow from/ (used in) from operating activities	**425**	**(225)**
II	**Cash flows from investing activities**		
	Purchase of Property, plant and equipment	(214)	(797)
	Purchase of intangible assets (including under development)	(23)	(287)
	Investment in subsidiaries	(492)	(31)
	Loan given to Subsidiary	-	(355)
	Recovery of loans from subsidiaries	377	-
	Purchase of investments	(80)	-
	Investment in bank deposits and inter corporate deposits	(3,340)	-
	Net cash flow (used in) investing activities	**(3,772)**	**(1,470)**
III	**Cash flows from financing activities**		
	Repayment of long term borrowings	(542)	(426)
	Proceeds from long-term borrowings	4,279	2,183
	Repayment of Lease liabilities	(14)	(9)
	Interest paid	(38)	(46)
	Net cash flow generated from financing activities	**3,685**	**1,702**

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)

		March 31, 2021	March 31, 2020
IV	**Net increase in cash and cash equivalents (I + II + III)**	338	7
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	3	-*
VI	Cash and cash equivalents at the beginning of the year	27	20
VII	**Cash and cash equivalents at the end of the year (IV + V + VI)**	**368**	**27**
	Reconciliation of cash and cash equivalents as per statement of cash flow **Cash and cash equivalents (Note 11)**		
	Balances with banks - on current accounts	258	27
	Deposits with original maturity of less than 3 months	110	-
		368	**27**
	Balance as per statement of cash flows	**368**	**27**

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

	Opening balance 01st April, 2020	Cash flows	Non-cash movement	Closing balance March 31, 2021
Borrowings (including current maturities)	3,895	3,737	1,783	9,415
Interest accrued but not due	37	(38)	1	-
	3,932	3,699	1,784	9,415

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

* Amounts are not presented since the amounts are rounded off to Rupees million.

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 Pharma Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Indranil Sen
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2021

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

1. Company Overview

1.1 Reporting entity

Biocon Pharma Limited ("the Company") was incorporated in India on October 31, 2014, as a wholly owned subsidiary of Biocon Limited. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company has setup its formulations manufacturing facility for oral solid dosages at Biocon SEZ, Bengaluru and commenced its commercial production on March 23, 2020.

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's financial statements have been prepared on a going concern basis notwithstanding the fact that it has net loss of ₹ 1,254 Mn during the year ended March 31, 2021. The Holding Company undertakes to provide sufficient financial and other support to the Company for a foreseeable future and not to call for settlement of any amounts that the Company owes to it. Accordingly, these financial statements have been prepared under the going concern assumption. These financial statements were authorised 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 two decimals to the nearest million, 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 are measured at fair value; and
- 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 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 notes:

- Note 2(a) and 29 — Financial instruments
- Note 2(b), 2(c) — Useful lives of property, plant and equipment and intangible assets
- Note 2(n) and 31 — Lease, whether an agreement contains a lease
- Note 28 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 34 — Share based payments
- Note 2(k) and 27 — Provision for income taxes and related tax contingencies and Evaluation of recoverability of deferred tax assets

- Note 2(i) and 18 — Revenue Recognition: whether revenue from sale of product 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 for the year ended March 31, 2021 is included in the following notes:

— Note 2(f)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts;

— Note 27 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 28 – measurement of defined benefit obligation; key actuarial assumptions;

— Note 14(a), 14(b) and 32 – recognition and measurement of provisions, contingencies and commitments: 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).

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 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 following notes

- Note 34 – Share based payments
- Note 2(a) and 29 – 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) – 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.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

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.

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 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.

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 of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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 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. Convertible Preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

vi. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge 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 and 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 and 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 statement of profit and loss.

vii. Cash and cash equivalents

Cash and cash equivalents 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

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 property, plant and equipment including self-constructed items, 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.

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.

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	30 years	30 years
Plant and equipment (including Electrical installation and Lab equipment)	12 -15 years	8-20 years
Computers and servers	3 years	3-6 years
Furniture and fixtures	6 years	10 years

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).

c. Intangible assets

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 5 years

— Marketing and Manufacturing rights 5 years

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

d. 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.

Provisions are made towards slow-moving and obsolete items based on historical experience of utilisation on a product category basis, which consideration of product lines and market conditions.

e. Foreign currency Transactions and translations:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

f. Impairment

i. Impairment of financial assets

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

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI

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.

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.

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 unit (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss in respect of assets which 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.

g. Employee benefits

i. Short-term employee benefits:

All employee benefits falling due within twelve months from the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly."

ii. Post-employment benefits:

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under: "

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.

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. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

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 absence occur.

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

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.

h. 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.

i. Revenue from contracts with customers

i. Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised goods 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 goods and service 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. 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.

iii. 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.

iv. Interest income and expense

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

j. Government grants

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

k. Income taxes

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

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 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 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

l. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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

m. 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, except where the results would be anti-dilutive.

n. Leases

Company as a 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. 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.

p. 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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3. Property, plant and equipment and Capital work-in-progress

	Buildings	Plant and equipment [Refer Note (a)]	Furniture and fixtures	Total	Capital work-in-progress
Gross carrying amount					
At April 01, 2019	-	-	-	-	2,693
Additions	847	2,750	7	3,604	916
Disposals/transfers	-	-	-	-	(3,609)
At March 31, 2020	**847**	**2,750**	**7**	**3,604**	**-**
Additions	2	39	-*	41	145
Disposals/other adjustments	(9)	(18)	-	(27)	-
At March 31, 2021	**840**	**2,771**	**7**	**3,618**	**145**
Accumulated depreciation					
At April 01, 2019	-	-	-	-	-
Depreciation for the year	1	5	-*	6	-
At March 31, 2020	**1**	**5**	**-**	**6**	**-**
Depreciation for the year	28	230	1	259	-
At March 31, 2021	**29**	**235**	**1**	**265**	**-**
Net carrying amount					
At March 31, 2020	846	2,745	7	3,598	-
At March 31, 2021	**811**	**2,536**	**6**	**3,353**	**145**

(a) Plant and equipment include computers and office equipment.

(b) Borrowing cost Capitalised during the year amounted to ₹ Nil (March 31, 2020 - ₹ 282).

* Amounts are not presented since the amounts are rounded off to Rupees million.

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4 (a). Right-of-Use-assets

	Land	Buildings	Total
Gross carrying amount			
At April 01, 2019	-	-	-
Additions	18	41	59
At March 31, 2020	**18**	**41**	**59**
Additions	-	-	-
At March 31, 2021	**18**	**41**	**59**
Accumulated Depreciation			
At April 01, 2019			
Depreciation for the year	2	9	11
At March 31, 2020	**2**	**9**	**11**
Depreciation for the year	2	9	11
At March 31, 2021	**4**	**18**	**22**
Net carrying amount			
At March 31, 2020	**16**	**32**	**48**
At March 31, 2021	**14**	**23**	**37**

4 (b). Intangible assets and Intangible assets under development

	Computer software	Marketing and Manufacturing rights	Total	Intangible assets under development
Gross carrying amount				
At April 01, 2019	-	-	-	-
Additions	4	-	4	283
At March 31, 2020	**4**	**-**	**4**	**283**
Additions	7	16	23	-
At March 31, 2021	**11**	**16**	**27**	**283**
Accumulated amortisation				
At April 01, 2019	-	-	-	-
Amortisation for the year	-*	-	-	-
At March 31, 2020	**-**	**-**	**-**	**-**
Amortisation for the year	2	1	3	-
At March 31, 2021	**2**	**1**	**3**	**-**
Net carrying amount				
At March 31, 2020	**4**	**-**	**4**	**283**
At March 31, 2021	**9**	**15**	**24**	**283**

* Amounts are not presented since the amounts are rounded off to Rupees million.

	March 31, 2021	March 31, 2020
5 (a). Non-current investments		
I. Unquoted equity instrument		
In subsidiary company at cost:		
140,000 (March 31, 2020 - 140,000) Equity shares of USD 10 each in Biocon Pharma Inc.	94	94
350,000 (March 31, 2020 - 350,000) Equity shares of GBP 1 each in Biocon Pharma UK Limited	31	31
775,001 (March 31, 2020 - Nil) Equity shares of EUR 1 each in Biocon Pharma Ireland Limited	68	-
1,200 (March 31, 2020 - Nil) Equity shares of EUR 1 each in Biocon Pharma Malta Limited	-*	-
	193	**125**
II. Unquoted preference instrument		
In subsidiary company at at fair value through profit or loss:		
1,690,000 (March 31, 2020 - 1,200,000) Preference shares of USD 10 each in Biocon Pharma Inc.	1,173	812
657,000 (March 31, 2020 - Nil) Preference shares of GBP 1 each in Biocon Pharma UK	63	-
III. Inter corporate deposits with financial institutions	200	-
Total non-current investments	**1,629**	**937**
Aggregate value of unquoted investments	1,629	937
* Amounts are not presented since the amounts are rounded off to Rupees million.		
5 (b). Current investments		
Unquoted - In others - at amortised cost:		
Inter corporate deposits with financial institutions	1,050	-
Quoted -Investment in mutual funds at fair value through profit or Loss:		
HDFC Overnight Fund Growth : 26,198 Units (March 31, 2020 : Nil Units)	80	-
Total quoted -investment in mutual funds	**80**	**-**
Total current investments	**1,130**	**-**
Aggregate book and market value of quoted investments	80	-
Aggregate value of unquoted investments	1,050	-
6. Loans		
(Unsecured considered good)		
(a) Non-current		
Loans to related parties [refer note 26]	-	377
	-	**377**
7. Other financial assets		
(a) Current		
Fair value of hedging instruments	6	-
Interest accrued but not due	13	4
Unbilled Revenue	181	-
Others	-	1
	200	**5**
8. Other assets		
(a) Non-current		
Capital advances	9	4
Balances with statutory / government authorities	2	5
	11	**9**
(b) Current		
Advance to suppliers	53	122
Prepayments	13	9
	66	**131**

	March 31, 2021	March 31, 2020
9. Inventories		
Raw materials	72	-
Packing materials	10	-*
Work-in-progress	1	6
Finished goods and stock-in-trade	45	8
	128	**14**
10. Trade receivables		
(a) Trade Receivables considered good - Unsecured*	268	3
(b) Trade Receivables - credit impaired	-	-
	268	**3**
(a) The Company's exposure to credit and currency risks, and loss allowances are disclosed in refer note 29.		
*Includes receivables from related parties [refer note 26]		
11. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	258	27
Deposits with original maturity of less than 3 months	110	-
Total cash and cash equivalents	**368**	**27**
Other bank balances		
Deposits with maturity of less than 12 months	2,090	-
Total other bank balances	**2,090**	**-**
Total cash and bank balances	**2,458**	**27**

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	March 31, 2021	March 31, 2020
12(a). Share capital		
Authorised		
20,000,000 (March 31, 2020 - 20,000,000) equity shares of ₹ 10 each (March 31, 2020 - ₹ 10 each)	200	200
1,020,000,000 (March 31, 2020 -320,000,000) preference shares of ₹ 10 each (March 31, 2020 - ₹ 10 each)	10,200	3,200
Issued, subscribed and fully paid-up share capital		
14,050,000 (March 31, 2020 - 14,050,000) equity shares of ₹ 10 each (March 31, 2020 - ₹ 10 each)	141	141
873,000,000 (March 31, 2020 - 276,058,963) Optionally convertible redeemable non cumulative preference shares ("OCRPS")	8,730	2,761
	8,871	**2,902**
Less : Preference share capital classified as a financial liability [refer note 13]	(8,730)	(2,761)
	141	**141**

(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	14,050,000	141	14,050,000	141
Issued during the year	-	-	-	-
Outstanding at the end of the year	**14,050,000**	**141**	**14,050,000**	**141**

(b) Optionally convertible redeemable non cumulative preference shares	March 31, 2021		March 31, 2020	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	276,058,963	2,761	189,290,547	1,893
Issued during the year	596,941,037	5,969	86,768,416	868
Outstanding at the end of the year	**873,000,000**	**8,730**	**276,058,963**	**2,761**

(ii) Terms/ rights attached

(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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

During the current year the Company has amended the terms and condition of the OCRPS. The revised terms and conditions are as follows:-

(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 13.

(iii) Details of shareholders holding more than 5% of each class of 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)	14,050,000	100%	14,050,000	100%
OCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	873,000,000	100%	276,058,963	100%

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

12(b). Other equity

Retained earnings

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

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.

Equity component of compound financial instrument

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Financial liabilities are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Other Items of other comprehensive income

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

	March 31, 2021	March 31, 2020
13. Long-term borrowings		
Loans from banks (Secured)		
Term loan [Refer Note (a) below]	553	1,122
Other loans and advances (Unsecured)		
Loan from holding company [Refer note 26]	-	1,567
Optionally convertible redeemable non cumulative preference shares [refer note 12 (a)(ii)(b)]	8,862	1,206
	9,415	3,895
Less: Amount disclosed under the head "other current financial liabilities" [refer note 14 (b)]	(9,415)	(553)
	-	**3,342**
The above amount includes		
Secured borrowings	553	1,122
Unsecured borrowings	8,862	2,773
Amount disclosed under the head "other current financial liabilities" [refer note 14 (b)]	(9,415)	(553)
Net amount	**-**	**3,342**

(a) On February 24, 2016, the Company obtained an external commercial borrowing of USD 20 million from a bank, carrying interest @ Libor + 1.75% per annum. The loan is payable in 11 unequal quarterly instalments commencing from June 28, 2019. The loan is secured by first priority pari passu charge on the plant and machinery of the facility for the manufacture of pharmaceuticals. Further, the loan has been guaranteed by Biocon Limited, the Holding Company. The Company has entered into an interest rate swap converting the floating rate to fixed rate of interest. [Refer Note 29]

	March 31, 2021	March 31, 2020
14. Other financial liabilities		
(a) Non-current		
Fair value of hedging instruments	-	4
	-	**4**
(b) Current		
Current maturities of long-term borrowings [refer note 13]	9,415	553
Payables for capital goods	381	404
Interest accrued but not due	-	37
Fair value of hedging instruments	12	7
	9,808	**1,001**
15. Provisions		
(a) Non-current		
Provision for employee benefits		
Gratuity [Refer Note 28]	9	8
	9	**8**
(b) Current		
Provision for employee benefits		
Gratuity [Refer Note 28]	1	1
Compensated absences	11	10
	12	**11**
(i) Movement in provisions	**Gratuity**	**Compensated absences**
Balance as at April 01, 2020	9	10
Provision recognised during the year	1	1
Balance as at March 31, 2021	**10**	**11**

	March 31, 2021	March 31, 2020
16. Trade payables		
Trade payables [Refer Note (a) below and Note 26]		
Total outstanding dues of micro and small enterprises	10	-*
Total outstanding dues of creditors other than micro and small enterprises	1,957	667
	1,967	**667**
* Amounts are not presented since the amounts are rounded off to Rupees million.		
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development 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	10	-*
Interest due on the above	-*	-*
(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	59	4
(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	-*	-*
(iv) Interest due and payable for the period of delay in making payment during the year	-	-
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) 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	2	1
(b) 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.		
(c) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 29.		
17. Other current liabilities		
Statutory taxes and dues payable	42	11
	42	**11**

	Year ended March 31, 2021	Year ended March 31, 2020
18. Revenue from operations		
Sale of products		
Finished goods	177	3
Traded goods	1,357	-
Other operating revenue		
Others [refer note a]	450	-
	1,984	**3**
(a) includes capacity reservation fees cross charge to Holding Company.		
18.1 Disaggregated revenue information		
Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Revenues By Geography		
India	204	-
United States of America	1,330	3
	1,534	**3**
Revenue from other sources	450	-
Other operating revenue	**450**	**-**
Total revenue from operations	**1,984**	**3**
Geographical revenue is allocated based on the location of the customers.		
18.2 Contract balances		
Trade receivables	268	3
Unbilled revenue	181	-
Trade receivables are non-interest bearing.		

18.3 Performance obligation:

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

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	Year ended March 31, 2021	Year ended March 31, 2020
19. Other income		
Interest Income		
Deposits with banks and financial institutions	13	-
Others	15	4
Foreign exchange gain (net)	-	18
	28	**22**
20. Cost of materials consumed		
Inventory at the beginning of the year	-*	-
Add: Purchases	312	16
Less: Inventory at the end of the year	(82)	-*
Cost of raw materials and packing materials consumed	**230**	**16**
21. Changes in inventories of stock-in-trade, finished goods and work-in-progress		
Inventory at the beginning of the year		
Stock-in-trade	-	-
Finished goods	8	-
Work-in-progress	6	-
	14	**-**
Inventory at the end of the year		
Stock-in-trade	-	-
Finished goods	45	8
Work-in-progress	1	6
	46	**14**
	(32)	**(14)**
22. Employee benefits expense		
Salaries, wages and bonus	365	98
Contribution to provident and other funds	15	11
Gratuity [Refer Note 28]	3	2
Employee stock compensation expense [Refer Note 34]	4	4
Staff welfare expenses	11	5
	398	**120**
23. Finance cost		
Interest expense on financial liability measured at amortised cost	125	14
Interest on lease liabilities [Refer Note 31]	5	4
	130	**18**

	Year ended March 31, 2021	Year ended March 31, 2020
24. Depreciation and amortisation expense		
Depreciation of Property, plant and equipment [Refer Note 3]	259	6
Amortisation of intangible assets [Refer Note 4 (b)]	3	_*
Depreciation of right-of-use-assets [Refer Note 4 (a)]	11	9
	273	**15**
25. Other expenses		
Travelling and conveyance	2	1
Professional charges [Refer note (a) below]	25	2
Power and fuel	97	3
Insurance	6	-
Rates, taxes and fees	32	1
Repairs and maintenance		
Plant and machinery	28	-
Buildings	5	-
Others	10	-
Selling expenses		
Freight outwards and clearing charges	10	-
Commission and brokerage	14	-
Lab consumables	79	101
Research and development expenses [Refer note (b) below]	967	424
Printing and stationery	2	-*
Foreign exchange fluctuation, net	18	-
Miscellaneous expenses	1	1
	1,296	**533**
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	1	-*
In other capacity:		
Other services (certification fees)	-*	-*
Reimbursement of out-of-pocket expenses	-*	-*
	1	**-**
(b) Research and development expenses		
Research and development expenses	967	424
Other Research and development expenses included in other heads of account:		
Salaries, wages and bonus	227	88
Contribution to provident and other funds	9	4
Employee stock compensation expense	2	4
Staff welfare expenses	2	2
Lab consumables	79	101
Travelling and conveyance	-	1
	1,286	**624**

* Amounts are not presented since the amounts are rounded off to Rupees million.

26. Related Party Disclosures:

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

Sl No	Name of related party	Relationship	Description	For the year ended March 31, 2021 Expenses / (Income) / Other Transaction	March 31, 2021 Payables/ (Receivables)	For the year ended March 31, 2020 Expenses / (Income) / Other Transaction	March 31, 2020 Payables/ (Receivables)
1	Biocon Limited	Holding Company	Issue in preference shares	5,969	-	868	-
			Cross charges towards other expenses	338	-	63	-
			Trade and other payables	-	1,893	-	780
			Capacity reservation fees	(450)			
			Loan from Holding Company [refer note (a)]	(1,567)	-	1,274	1,567
			Interest Payable	-	-	-	37
			Power and facility charges recovered	97	-	123	-
			Purchase of goods	646	-	79	-
			Cross charge of Capital Work in Progress	-	-	35	-
			Rent	14	-	13	-
			Interest on Long Term Borrowing and Preference Shares	94	-	151	-
			Guarantee given by related party to a bank on behalf of the company	(569)	553	(264)	1,122
			Acquisition of Intangible assets including under development	16	-	7	-
			Share based payments	4	-	5	-
2	Biocon Pharma Ireland	Subsidiary	Investment in Equity Shares	68	-	-	-
3	Biocon Pharma UK	Subsidiary	Investment in Equity Shares	-	-	31	-
			Investment in Preference shares	63	-	-	-
4	Biocon Pharma Inc.	Subsidiary	Loan given/(repaid) to/by subsidiary	(377)	-	377	377
			Investment in Preference Shares	361	-	-	-
			Sale of goods	(176)	-	3	-
			Trade receivables	-	82	-	3
			Interest Income	(15)	-	4	-
			Interest Receivable	-	-	-	4
5	Biocon Pharma Malta Limited	Subsidiary	Investment in Equity Shares	-*	-	-	-
6	Syngene International Limited	Subsidiary of Holding	Research Services Received	108	-	92	-
			Purchase of goods	104	-		
			Trade payables	-	161	-	18
7	Biocon Biologics Limited	Subsidiary of Holding	Research Services Received	60		-	
			Purchase of goods	58		-	
			Trade payables		9		-

(a) The Company has entered into service agreement with Biocon SEZ Developer and Biocon SEZ operating units of Biocon Limited for availing Land on lease and certain other facilities and services.

(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, an associate of Biocon Limited (w.e.f. January 09, 2021)

(v) Biocon Biosphere Limited, a subsidiary of Biocon Limited

(vi) Biocon Biologics Limited UK, a step down subsidiary of Biocon Limited

(vii) Biocon SDN BHD, a subsidiary of a step down subsidiary of Biocon Biologics Limited

(viii) Biocon Biologics Healthcare Sdn Bhd, a step down subsidiary of Biocon Biologics Limited

(ix) Syngene USA Inc., a step down subsidiary of Biocon Limited

(x) Biocon Biologics Inc, a step down subsidiary of Biocon Biologics Limited

(xi) NeoBiocon FZ LLC, a joint venture of Biocon Limited

(xii) Biocon Pharma Malta I Limited, a subsidiary

(xiii) Biofusion Therapeutics Limited, a subsidiary of Biocon Limited

(xiv) Biocon Biologics FZ LLC, a step down subsidiary of Biocon Biologics Limited

(xv) Biocon Biologics Do Brasil Ltda, a step down subsidiary of Biocon Biologics Limited

(c) The Company had obtained an unsecured loan facility from Biocon Limited at prevailing marginal cost of funds based lending rate (MCLR) to set up its manufacturing facility. The maximum amount of loan outstanding during the year was ₹ 2,392 (March 31, 2020 ₹1,567).

(d) On February 24, 2016, the Company obtained an external commercial borrowing of USD 20 million from a bank, carrying interest @ Libor + 1.75% per annum which has been guaranteed by Biocon Limited, the holding company. (March 31, 2021 ₹ 553 and March 31, 2020 ₹1,122).

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

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

(g) The loans from holding company is presented net of repayments due to multiple transactions. Loans taken includes loan subsequently converted into preference shares. The loan taken from holding company are for Business purposes and interest rates are at arm's length. The Loans are payables on demand.

* Amounts are not presented since the amounts are rounded off to Rupees million.

	March 31, 2021	March 31, 2020
27. Tax expense		
(a) Amount recognised in Statement of profit and loss		
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	452	(219)
Tax expense for the year	**452**	**(219)**
(b) Reconciliation of effective tax rate		
Accounting loss before tax	(807)	(663)
Tax at statutory income tax rate 29.12% (March 31, 2020- 29.12%)	(234)	(193)
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Tax effect on interest of convertible preference shares	39	(29)
Tax effect on losses available for offsetting against future taxable differences	647	3
Income tax expense	**452**	**(219)**
(c) Tax losses		
Unused tax losses for which no deferred income tax has been recognised	3,024	-
Potential tax impact	881	-
Expiry date (financial year)	2022-23 to 2027-28	

27. (d) Recognized 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	Adjusted with equity	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax liability					
Convertible preference shares [refer note (a) below]	452	(491)	39	-	-
Property, plant and equipment and intangible assets	147	-	-	-	147
Gross deferred tax liability	**599**	**(491)**	**39**	**-**	**147**
Deferred tax assets					
Defined Benefit Obligation	1	-	(1)	-	-*
Losses available for offsetting against future taxable differences	559	-	(412)	-	147
Derivative liability	10	-	-	-	10
Gross deferred tax assets	**570**	**-**	**(413)**	**-**	**157**
Net deferred tax liability	**(29)**	**491**	**(452)**	**-**	**10**

For the year ended March 31, 2020	Opening Balance	Adjusted with equity	Recognized in profit or loss	Recognized in OCI	Closing Balance
Deferred tax liability					
Convertible preference shares [refer note (a) below]	327	154	(29)	-	452
Property, plant and equipment and intangible assets	-	-	147	-	147
Derivative assets	6	-	-	(6)	-
Gross deferred tax liability	**333**	**154**	**118**	**(6)**	**599**
Deferred tax assets					
Defined Benefit Obligation	-	-	-*	1	1
Losses available for offsetting against future taxable differences	223	-	336	-	559
Derivative liability	6	-	-	4	10
Gross deferred tax assets	**229**	**-**	**336**	**5**	**570**
Net deferred tax liability	**(104)**	**(154)**	**218**	**11**	**(29)**

* Amounts are not presented since the amounts are rounded off to Rupees million.

(a) Deferred tax on convertible preference shares adjusted with equity component of OCRPS and accordingly deferred tax on carry forwarded losses reversed.

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28. Employee benefit plans

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under the act, employees who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is unfunded.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

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:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2020	9	-	9
Current service cost	2	-	2
Interest expense / (income)	1	-	1
Amount recognised in Statement of profit and loss	**3**	**-**	**3**
Remeasurements:			
Actuarial (gain) / loss arising from:			
Financial assumptions	-*	-	-*
Experience adjustment	(1)	-	(1)
Amount recognised in other comprehensive income	**(1)**	**-**	**(1)**
Employers contribution	-	-	-
Benefits paid	-*	-	-*
Balance as at March 31, 2021	**11**	**-**	**11**

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liability
Balance as on April 01, 2019	4	-	4
Current service cost	1	-	1
Interest expense / (income)	-*	-	-*
Amount recognised in Statement of profit and loss	**1**	**-**	**1**
Remeasurements:			
Actuarial (gain) / loss arising from:			
Financial assumptions	1	-	1
Experience adjustment	2	-	2
Amount recognised in other comprehensive income	**3**	**-**	**3**
Employers contribution			
Benefits paid	-*	-	-*
Balance as at March 31, 2020	**9**	**-**	**9**

	March 31, 2021	March 31, 2020
Non-current	9	8
Current	1	1
	10	**9**
(ii) The assumptions used for gratuity valuation are as below:		
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 as per IALM (2012-14).

The weighted average duration of the defined benefit obligation was 9 years (March 31, 2020 - 8 years).

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

(iii) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis does not recognise the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any. 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% movement)	(1)	1	(1)	1
Salary increase (1% movement)	1	(1)	1	(1)
Attrition rate (1% movement)	-*	-*	-*	-*

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

Maturity profile of defined benefit obligation

Particulars	March 31, 2021	March 31, 2020
1st Following year	1	1
2nd Following year	1	1
3rd Following year	1	1
4th Following year	1	1
5th Following year	1	1
Years 6 to 10	4	4
Years 11 and above	7	6

(iv) Risk Exposure:

These defined benefit plans typically expose the Company to actuarial risks as under:

a) Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

b) Interest rate risk: A decrease in bond interest rate will increase the plan liability.

c) Longevity risk: The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability.

d) Salary risk: Higher than expected increase in salary will increase the defined benefit obligation.

(v) Other Long term benefits

Present value of other long term benefits (i.e compensated absences) obligations at the end of the year :

Particulars	March 31, 2021	March 31, 2020
Compensated absences	11	10

* Amounts are not presented since the amounts are rounded off to Rupees million.

29. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

March 31, 2021	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	1,236	-	393	1,629	-	-	1,236	1,236
Current investment	80	-	1,050	1,130	80	-	-	80
Trade Receivables	-	-	268	268	-	-	-	-
Cash and cash equivalents	-	-	2,458	2,458	-	-	-	-
Other financial assets	-	6	194	200	-	6	-	6
	1,316	**6**	**4,363**	**5,685**	**80**	**6**	**1,236**	**1,322**
Financial liabilities								
Borrowings	-	-	553	553	-	-	-	-
Trade payables	-	-	1,967	1,967	-	-	-	-
Lease liabilities	-	-	43	43	-	-	-	-
Other financial liabilities	8,862	12	381	9,255	-	12	8,862#	8,874
	8,862	**12**	**2,944**	**11,818**	**-**	**12**	**8,862**	**8,874**

March 31, 2020	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	812	-	125*	937	-	-	812#	812
Loan	-	-	377	377	-	-	-	-
Trade Receivables	-	-	3	3	-	-	-	-
Cash and cash equivalents	-	-	27	27	-	-	-	-
Other financial assets	-		5	5	-	-	-	-
	812	**-**	**537**	**1,349**	**-**	**-**	**812**	**812**
Financial liabilities								
Liability component of OCRPS	-	-	1,206	1,206	-	-	-	-
Borrowings	-	-	2,689	2,689	-	-	-	-
Trade payables	-	-	667	667	-	-	-	-
Lease liabilities	-	-	52	52	-	-	-	-
Other financial liabilities	-	11	441	452	-	11	-	11
	-	**11**	**5,055**	**5,066**	**-**	**11**	**-**	**11**

* Investment in equity shares in subsidiaries has been accounted at cost as per Ind AS 27 "Separate Financial Statements".

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. Measurement of fair values

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 place.

Sensitivity analysis

For the fair values of forward contracts of foreign currencies, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects in other comprehensive income (OCI).

Significant observable inputs	March 31, 2021		March 31, 2020	
	Impact on other equity		Impact on other equity	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(25)	20	NA	NA
Interest rates (100 bps movement)	1	(1)	(2)	2

Derivative financial instruments

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

(in Million)

Particulars	March 31, 2021	March 31, 2020
Foreign exchange forward contracts to buy between 0-1 Years	USD 31	-

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

Customer credit risk is managed by each business unit subject to Company's established policy, procedures and control relating to customer credit risk management. The Audit and Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 268 (March 31, 2020: ₹ 3).

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

The ageing of trade receivables is given

Particulars	March 31, 2021	March 31, 2020
Neither past due nor impaired	268	3
Past due but not impaired		
Less than 365 days	-	-
More than 365 days	-	-
	-	-
Less: Allowance for credit losses	-	-
Total	**268**	**3**

Receivables from two customers of the Company's trade receivables is ₹ 292 (March 31, 2020 ₹ Nil) which is more than 10 percent of the Company's total trade receivables.

Credit risk on cash and cash equivalent and derivatives is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies which are rated A1+ or AAA . Investments primarily include investment in liquid mutual fund units, bonds and non-convertible debentures.

(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.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following line of credit:

(a) Unsecured loan facility from Holding Company carrying interest rate prevailing for marginal cost of funds based lending rate (MCLR).

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	553	-	-	-	553
Trade payables	1,967	-	-	-	1,967
Lease Liabilities	15	15	20	4	54
Other current financial liabilities	9,255	-	-	-	9,255
Total	**11,790**	**15**	**20**	**4**	**11,829**

March 31, 2020 **Particulars**	**Less than 1 year**	**1 - 2 years**	**2-5 years**	**More than 5 years**	**Total**
Liability component of OCRPS	-	-	-	1,206	1,206
Borrowings	553	2,136	-	-	2,689
Trade payables	667	-	-	-	667
Lease Liabilities	14	15	31	8	68
Other financial liabilities	448	4	-	-	452
Total	**1,682**	**2,155**	**31**	**1,214**	**5,082**

(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 operates internationally and a major portion of the business is transacted in several currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps 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	294	-	-	294
Cash and cash equivalents	221	-	-	221
Other current financial assets	**6**	**-**	**-**	**6**
Financial liabilities				
Borrowings	(553)	-	-	(553)
Trade payables	(9)	(1)	-*	(10)
Other current financial liabilities	(13)	-	(4)	(17)
Net assets / (liabilities)	**(54)**	**(1)**	**(4)**	**(59)**

March 31, 2020	USD	EUR	Others	Total
Financial assets				
Long-term loans and advances	377	-	-	377
Trade receivables	3	-	-	3
Cash and cash equivalents	-*	-	-	-*
Other current financial assets	**4**	**-**	**-**	**4**
Financial liabilities				
Borrowings	(1,122)	-	-	(1,122)
Trade payables	(2)	-	-*	(2)
Other current financial liabilities	(8)	(1)	-*	(9)
Net assets / (liabilities)	**(748)**	**(1)**	-	**(749)**

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**	
	Mar 31, 2021	March 31, 2020	Mar 31, 2021	March 31, 2020
USD Sensitivity				
INR/USD - Increase by 1%	(1)	(7)	(25)	(7)
INR/USD - Decrease by 1%	1	7	20	7
EUR Sensitivity				
INR/EUR - Increase by 1%	-*	-*	-*	-*
INR/EUR - Decrease by 1%	-*	-*	-*	-*

*Amounts are not presented since the amounts are rounded off to Rupees million.

Derivative financial instruments

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Treasury team manages its foreign currency risk by hedging forecasted transactions like sales, purchases and capital expenditures. When a derivative is entered for hedging, the Company matchs the terms of those derivatives to the underlying exposure. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table gives details in respect of outstanding foreign exchange interest rate swaps contracts:

Particulars	Mar 31, 2021	March 31, 2020
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings with maturity between 0-6 years	USD 8 (₹ 553)	USD 15 (₹ 1,122)

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 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	Mar 31, 2021	March 31, 2020
Variable rate borrowings	-	1,567
Fixed rate borrowings	553	1,122
Total borrowings	**553**	**2,689**

(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, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

30. 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 customer confidence 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'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 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	Mar 31, 2021	March 31, 2020
Equity attributable to the equity shareholders of the Company	(2,133)	316
Equity and reserves	**(2,133)**	**316**
As a percentage of total capital	**(29%)**	**8%**
Borrowings	553	2,689
Liability component of OCRPS	8,862	1,206
Total borrowings	**9,415**	**3,895**
As a percentage of total capital	129%	92%
Total capital (Equity and Borrowings)	**7,282**	**4,211**

31. Lease

The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto the year of 2027. Gross payments for the year aggregate to ₹ 14. (March 31, 2020: 14)

The weighted average incremental borrowing rate of 10% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The followings is the movement in the lease liability :

Particulars	Land	Buildings	Total
Balance at the March 31, 2020	17	34	52
Finance cost accrued during the year	2	3	5
Payment of lease liabilities	(3)	(11)	(14)
Balance at the March 31, 2021	**16**	**26**	**43**
Balance at the March 31, 2019	-	-	-
Addition on account of adoption of Ind AS 116	18	41	59
Finance cost accrued during the year	2	4	6
Payment of lease liabilities	(3)	(11)	(14)
Balance at the March 31, 2020	**17**	**34**	**52**

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

Particulars	Mar 31, 2021	March 31, 2020
Current lease liability	11	9
Non current lease liability	32	43
	43	**52**
The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:		
Less than one year	15	14
One to Five years	35	46
More than Five years	4	8
Total	**54**	**68**
The following are the amounts recognised in the statement of Profit or Loss for the year ended:		
Depreciation expenses on right of use-assets	11	9
Interest expenses on lease liabilities	5	4
Total	**16**	**13**

32. 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 ₹32 (March 31, 2020:- ₹50).

(ii) Contingent Liabilities:

The company has no contingent liability as at March 31, 2021 & 2020.

33. Reconciliation of basic and diluted shares used in computing Earnings per share

Particulars	Mar 31, 2021	March 31, 2020
Earnings		
Loss for the year	(1,259)	(444)
Shares		
Basic outstanding shares	14,050,000	14,050,000
Add : Weighted average shares issued during the year	-	-
Weighted average shares used for computing basic and diluted EPS	**14,050,000**	**14,050,000**
Loss per equity share	(89.61)	(31.62)

34. 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 India Limited ('RSU Plan 2019') (collectively "stock option plans") of Biocon Limited.

Total number of options outstanding	Mar 31, 2021	March 31, 2020
ESOP Plan 2000	418,499	594,750
RSU Plan 2015	25,970	54,741
RSU Plan 2019 ^	186,120	34,281

^ adjusted for the impact of bonus issue

The Company has recorded an amount of ₹ 4 (March 31, 2020: ₹ 5 out of this ₹ 1 has been transferred to capital work in progress) as cost of the above stock option plans . The Company reimburses the cost to Biocon Limited.

35. 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 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.

36. Previous period's figures have been regrouped/ reclassified, where necessary to conform to current year's classification.

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 Pharma Limited**

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Siddharth Mittal
Director
DIN: 03230757

Indranil Sen
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2021