

BIOCON BIOLOGICS LIMITED

**Annual report and financial statements
for the year ended
March 31, 2018**

Company registration number: 10038295

Contents

Strategic report	1
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic report, The Directors' report and the consolidated financial statements	5
Independent auditor's report to the members of Biocon Biologics Limited	6
Consolidated Balance Sheet	8
Consolidated Statement of Profit and Loss and Other Comprehensive Income	9
Consolidated Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes to the consolidated financial statements	12
Company Balance Sheet	37
Company Statement of Changes in Equity	38
Notes to the Company financial statements	39

BIOCON BIOLOGICS LIMITED

Annual report and consolidated financial statements

March 31, 2018

GROUP STRATEGIC REPORT

Introduction

Biocon Biologics Limited ("the Company" or "Biocon") is a company limited by shares incorporated on March 02, 2016 and domiciled in England, in the United Kingdom. The directors present their strategic report together with the audited consolidated financial statements for the year ended March 31, 2018.

Principal activities

The Group is engaged in research and development, manufacture and commercialisation of various biosimilar insulin, monoclonal antibodies and other recombinant proteins products.

The Group through its subsidiary, Biocon Sdn. Bhd., has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation at the Southern Industrial and Logistics Clusters, Johor, Malaysia.

The Group's Indian subsidiary, Biocon Biologics India Limited ("BBIL") was incorporated in June 2016 with an objective to set up greenfield biosimilar biologics facilities. During the current year, the Board and shareholders of BBIL have approved the acquisition of existing Biosimilars business from Biocon Limited ("Parent Company"), subject to regulatory approvals.

Business review and future developments

The Group has one of the largest global biosimilars portfolios, spanning human insulin/insulin analogues, monoclonal antibodies and other biologics targeting diabetes, oncology and immunology therapies which involve multiple commercial scale manufacturing platforms with capacities to support a global play.

The major highlight of the current fiscal was the US Food and Drug Administration's (USFDA) approval for Ogivri™, a biosimilar Trastuzumab co-developed by the Company and Mylan. It is the first biosimilar Trastuzumab and the first biosimilar from Mylan and the Company's joint portfolio to be approved in the US. This was followed by the European Commission and TGA, Australia approving our biosimilar Insulin Glargine. Our partner Mylan plans to launch insulin glargine in Australia later in Calendar Year 2018 and across various markets in Europe in the second half of Calendar Year 2018. We also filed our generic glargine application with the USFDA in September'17. The file is under active review.

In emerging markets, we received approval for biosimilar Trastuzumab in Brazil, through our partner Libbs Farmaceutica. This was the first biosimilar Trastuzumab to be approved in Brazil, which is among the top three emerging markets globally for the key breast cancer drug. Our recombinant human insulin was approved by Brazil's ANVISA under the biosimilar pathway, enabling participation in future government contracts. Additionally, Biocon received regulatory approvals for its biosimilar Insulin Glargine in the key emerging markets of Russia and South Korea. Russia is amongst the top three emerging markets for Glargine.

The Malaysia facility received GMP approvals for Drug Substance and Drug Product from both the EMA and ANVISA. The Malaysia facility was inspected by FDA, post which we received a few observations. The Company has submitted the response to the observations in a timely manner.

On the clinical development front, we completed the global Phase I clinical study for our biosimilar Insulin Aspart program. A global Phase III trial for biosimilar Bevacizumab is progressing well in various sites in the EU and India as first line treatment of patients with stage-IV non-squamous small cell lung cancer.

Principal risks and uncertainties

The global pharma landscape is affected by product safety and quality issues, intellectual property tangles, inappropriate marketing practices and corruption thereby leading to penalties, product recalls, brand loss and revenue loss. The regulatory landscape of the international pharma industry is complex and dynamic. The primary industry driver is patient health and safety even as regulatory approach to patient protection can vary from market to market. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programmes.

BIOCON BIOLOGICS LIMITED

Annual report and consolidated financial statements

March 31, 2018

Although the comprehensive eradication of risks associated with our business of the Group is unfeasible, constant efforts are made to analyse their potential impact, assess the changes to risk environment and define actions to mitigate their adverse impact.

In addition to the above, the key risks relating to our current operations, which we believe could cause our actual results to differ materially from expected and historical results include risk of our R&D programs failing or not getting completed on a timely basis, risk of non-adherence to good manufacturing practices on an ongoing basis, risk arising out of strategic co-development arrangements with a partner, risk arising out of strategic projects where significant investments are made, changing global political and regulatory landscape, continued adherence to environment and safety related requirements, critical information loss, etc.

The directors consider that the financial risk relevant to the Group are credit risk, liquidity risk and market risk.

Credit Risk

Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables. As it markets and sells its products to customers in different territories, the Group has no significant concentration of credit risk, though relatively few customers accounted for a substantial portion of the Group's sales. The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To mitigate the liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro and Malaysian Ringette, since US Dollar is the functional currency of the group. Foreign exchange risk arises from future commercial transactions, trade receivables and liabilities, as well as net investments in foreign operations. To manage the foreign exchange risk arising from cash flows from future commercial transactions which are denominated in all currencies other than US Dollar, the Group's companies from time to time use foreign exchange forward and option contracts transacted with Banks in line with the Group's policy. The Group's interest rate risk arises from long-term loans and borrowings with variable rates, which expose the Group to interest rate risk. The Group's policy is to maintain part of its borrowings at fixed rate using interest rate swaps. They are therefore not subject to interest rate risk to the extent covered by interest rate swap.

Key Performance Indicators (KPIs)

The board monitors progress on the overall Group strategy and the individual strategic elements by reference to financial KPIs, specifically revenue, research & development expenses, operating profit and cash flows. These KPIs have been addressed in more detail in the Business review and future developments section above.

The Group is in its initial years of operations and hence primarily relies on its Parent Company for cash flows. The Company's equity and Biocon Sdn. Bhd.'s preference shares are held by the Parent Company and a fellow subsidiary, respectively.

During the year ended March 31, 2018, the Company earned USD 13 million as revenue and reported a net loss of USD 3.1 million as against revenue of USD 30 million and net loss of USD 1.8 million in the previous period. The reduction in revenue is primarily contributed by reduced licensing revenue of USD 1.8 million in the current year as against USD 14 million in the previous period. The losses are majorly attributable to Research and Development expenses on partnered programs.

Currently in the second year of commercial operations, Biocon Sdn. Bhd. reported a total revenue of USD 32 million and net loss of USD 11 million in the current financial year against a total revenue of USD 15 million and a net profit of USD 0.08 million in previous period. The loss is primarily due to depreciation and finance cost recorded in statement of profit and loss post capitalization of the facility, net of facility cost sharing for idle time with partners.

As at March 31, 2018, BBIL has not commenced commercial operations and has capital work-in-progress of USD 2.3 million.

BIOCON BIOLOGICS LIMITED

Annual report and consolidated financial statements

March 31, 2018

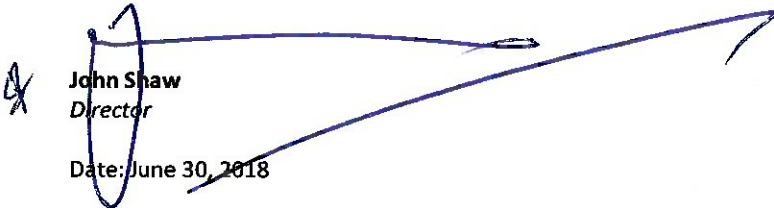
Employee Matters

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. As a responsible employer, the Group provides modern and professional working environment. Compliant with all relevant human resources and health and safety regulations, the Group strives to offer competitive employment packages with opportunities for personal and professional development.

Environmental Matters

The Group's policy is to adopt the best global practices in Environment, Health and Safety ("EHS"). Our comprehensive governance system bolstered by best-in-class infrastructure, specialised EHS systems, competent teams and comprehensive programs. Health and safety are integral parts of a broader environment and the core of our leadership decisions process is focused on providing a safe and healthy work environment. We train, empower and require our employees to take individual responsibility for health and safety. We engage and consult with our employees when developing and improving our processes, and encourage them to integrate health and safety considerations into their everyday activities.

On behalf of Board of Directors

A large, stylized handwritten signature in blue ink, consisting of a large loop and a long horizontal stroke extending to the right.

John Shaw
Director

Date: June 30, 2018

BIOCON BIOLOGICS LIMITED

Annual report and consolidated financial statements

March 31, 2018

DIRECTOR'S REPORT**Directors**

The directors who held office during the year were as follows:

- Kiran Mazumdar Shaw
- Russell Walls
- John Shaw

Results and dividends

The consolidated statement of profit and loss and other comprehensive income is set out on page 9 of the Consolidated financial statements and shows the results for the year.

The directors do not recommend the payment of a final ordinary dividend.

Post balance sheet events

There are no post balance sheet events that require disclosure in the consolidated financial statements.

Financial Instruments

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk which has been included in the Strategic Report.

Research and development

During the year USD 11 million, net of recovery from co-developer and capitalisation was spent by the Group on research and development activities.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP been appointed as the auditor of the Company.

On behalf of Board of Directors

A large, stylized handwritten signature in blue ink, appearing to be 'John Shaw', is written over the printed name and extends across the page.
John Shaw
Director

Date: June 30, 2018

BIOCON BIOLOGICS LIMITED

Annual report and consolidated financial statements

March 31, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOCON BIOLOGICS LIMITED

Opinion

We have audited the financial statements of Biocon Biologics Limited ("the company") for the year ended 31 March 2018 which comprise the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity and related notes, including the accounting policies in note 2A.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Bartlett-Rawlings (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

100 Hills Road

Cambridge

CB2 1AR

Date: 06 July 2018

BIOCON BIOLOGICS LIMITED
Consolidated Balance Sheet

<i>All amounts are in USD</i>	Note	March 31, 2018	March 31, 2017
Non-current assets			
Property, plant and equipment	3	280,384,587	281,908,053
Intangible assets under development	4	115,923,229	80,042,103
Other financial assets	6	56,385	56,385
Prepayments and other assets	7	7,490,913	3,459,362
		403,855,114	365,465,903
Current assets			
Inventories	8	9,953,673	10,300,614
Trade and other receivables	9	33,234,204	16,456,812
Cash and cash equivalents	10	15,754,061	10,540,979
Prepayments and other assets	7	5,475,268	4,211,828
		64,417,206	41,510,233
Total assets		468,272,320	406,976,136
Equity			
Share capital	11A	148,200,000	67,000,000
Reserves	11B	4,603,170	4,839,215
Retained losses	11C	(14,839,624)	(1,678,188)
		137,963,546	70,161,027
Non-current liabilities			
Interest-bearing loans and borrowings	12	225,618,477	252,308,113
Deferred income		2,983,404	3,278,275
Other financial liabilities	13	922,343	936,827
		229,524,224	256,523,215
Current liabilities			
Interest-bearing loans and borrowings	14	31,773,189	11,809,259
Trade and other payables	15	68,441,931	66,595,685
Tax payable		-	270,932
Other financial liabilities	13	569,430	969,268
Other liabilities	16	-	646,750
		100,784,550	80,291,894
Total equity and liabilities		468,272,320	406,976,136

The notes on the pages 12 to 36 also form part of these financial statements

These financial statements were approved by the board of directors on June 30, 2018 and were signed on its behalf by:


John Shaw
 Director

Company registered number: 10038295

BIOCON BIOLOGICS LIMITED
Consolidated Statement of Profit and Loss and Other Comprehensive Income

<i>All amounts are in USD</i>	Note	For the year ended March 31, 2018	For the thirteen month period ended March 31, 2017
Revenue	17	56,458,900	43,326,644
Other income	18	-	1,993,923
Total revenue		56,458,900	45,320,567
Changes in inventories of traded goods, finished goods and work-in-progress		936,051	(6,892,174)
Cost of raw materials and packing materials consumed		9,911,674	10,090,675
Purchases of traded goods		5,447,607	11,211,916
Staff costs	20	13,050,165	4,096,461
Depreciation and amortisation		16,609,416	371,682
Research and development expenses	19	11,157,241	22,902,576
Other expenses	20	4,889,193	4,842,527
Total expenses		62,001,347	46,623,663
Operating loss		(5,542,447)	(1,303,096)
Financial income	21	50,724	27,346
Financial expense	21	7,940,646	131,506
Net financing expense		7,889,922	104,160
Loss before tax		(13,432,369)	(1,407,256)
Tax expenses	26	-	270,932
Tax credits	26	270,933	-
Loss for the year/period		(13,161,436)	(1,678,188)
Other comprehensive (loss)/income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effective portion of (losses)/gains on hedging instrument in cash flow hedges		(236,045)	451,815
Other comprehensive (loss)/income for the year/period		(236,045)	451,815
Total comprehensive loss for the year/period		(13,397,481)	(1,226,373)

The notes on the pages 12 to 36 also form part of these financial statements

BIOCON BIOLOGICS LIMITED
Consolidated Statement of Changes in Equity
All amounts are in USD

	Share capital	Capital reserve	Retained losses	Cash flow hedging reserve	Total equity
Loss for the period	-	-	(1,678,188)	-	(1,678,188)
Other comprehensive income	-	-	-	451,815	451,815
Total comprehensive loss for the period	-	-	(1,678,188)	451,815	(1,226,373)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of ordinary shares	67,000,000	-	-	-	67,000,000
Capital contribution	-	12,386,400	-	-	12,386,400
Acquisition of subsidiary	-	(7,999,000)	-	-	(7,999,000)
Total contributions by and distributions to owners	67,000,000	4,387,400	-	-	71,387,400
Balance at March 31, 2017	67,000,000	4,387,400	(1,678,188)	451,815	70,161,027
Loss for the year	-	-	(13,161,436)	-	(13,161,436)
Other comprehensive loss	-	-	-	(236,045)	(236,045)
Total comprehensive loss for the year	-	-	(13,161,436)	(236,045)	(13,397,481)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of ordinary shares	66,200,000	-	-	-	66,200,000
Share application money pending allotment	15,000,000	-	-	-	15,000,000
Total contributions by and distributions to owners	81,200,000	-	-	-	81,200,000
Balance at March 31, 2018	148,200,000	4,387,400	(14,839,624)	215,770	137,963,546

The notes on the pages 12 to 36 also form part of these financial statements

BIOCON BIOLOGICS LIMITED
Consolidated Cash Flow Statement

<i>All amounts are in USD</i>	Note	For the year ended March 31, 2018	For the thirteen month period ended March 31, 2017
Cash flows from operating activities			
Loss for the period		(13,161,436)	(1,678,188)
Adjustments for:			
Depreciation and amortisation		16,609,416	371,682
Financial income		(50,724)	(27,346)
Financial expense		6,732,923	131,506
Unrealised foreign exchange gain		(492,184)	(220,561)
Taxation		(270,933)	270,932
		9,367,062	(1,151,975)
Changes in:			
Inventories		346,941	(10,300,614)
Trade and other receivables		(16,846,921)	(3,879,157)
Other assets and financial assets		192,051	4,291,767
Trade and other payables		(8,280,987)	33,201,789
Deferred income		(294,871)	-
Net cash (used in)/from operating activities		(15,516,725)	22,161,810
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	27	-	(15,628,976)
Acquisition of property, plant and equipment		(19,005,517)	(3,662,383)
Acquisition of intangible assets		(28,381,126)	(67,655,703)
Interest received		50,724	27,346
Net cash used in investing activities		(47,335,919)	(86,919,716)
Cash flows from financing activities			
Proceeds from issue of share capital	11A	81,200,000	67,000,000
Proceeds from Interest-bearing loans and borrowings		-	17,968,065
Repayment of Interest-bearing loans and borrowings		(14,759,915)	(2,408,092)
Interest paid		(6,922,543)	(7,150,447)
Net cash from financing activities		59,517,542	75,409,526
Net increase in cash and cash equivalents		(3,335,102)	10,651,620
Cash and cash equivalents at the beginning of the year		10,540,979	-
Effect of movements in exchange rates on cash held		489,837	(110,641)
Cash and cash equivalents at the end of the year		7,695,714	10,540,979

The notes on the pages 12 to 36 also form part of these financial statements

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

1. Reporting entity

Biocon Biologics Limited (“the Company”) is a company limited by shares incorporated and domiciled in England, in the United Kingdom. The registered number is 10038295 and the registered address is 16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B AH.

These Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the development and commercialisation of biosimilar biologics business and generic recombinant human insulins and its analogues for global market under various internal as well as partnered programs.

2. Basis of preparation of financial statements

a. Statement of compliance

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant IFRS that are effective at the Company’s annual reporting date, March 31, 2018. These consolidated financial statements were authorised for issuance by the Company’s board of directors on June 30, 2018.

The Group has recognised a net loss after tax of USD 13.2 million (March 31, 2017: 1.7 million) for the year ended March 31, 2018. The Management believes that the going concern assumption is considered appropriate in view of the fact that the plant in Malaysia has commenced its operations and based on the Cash flow projections for the years till FY 2027, the members of the Company’s board of directors have reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

b. Functional and presentation currency

These consolidated financial statements are presented in United States Dollar (USD), which is also the functional currency of the parent Company. In respect of the subsidiaries whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

c. Measurement convention

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which are measured at fair value.

d. Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

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

Judgements and estimation uncertainties

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(b) - Assessment of functional currency
- Note 23 - Financial instruments
- Note 2A(d) and 2A(e) - Useful lives of property, plant and equipment and Intangible assets
- Note 2A(j) - Provisions

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

- Note 2A(m) - Provision for income taxes and related tax contingencies and Evaluation of recoverability of deferred tax assets.
- Note 2A(h)(ii) - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally generated Intangible assets.

e. Measurement of fair values

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

2A. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in statement of profit or loss.

b. Foreign Currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

ii. Foreign subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on acquisition, are translated into USD, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign subsidiaries are translated into USD at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Resulting foreign currency translation differences are recognised in OCI and presented within equity (as foreign currency translation reserve).

c. Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flow affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Cash and cash equivalents

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

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, 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.

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 or loss.

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

ii. Depreciation

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

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

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

Asset	Management estimate of useful life
Buildings	12-30 years
Plant and equipment	3-15 years
Furniture and fixtures	6 years
Vehicles	6 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).

e. Intangible assets

i. Research and development

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

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

ii. Other intangible assets

Other intangible assets acquired by the Group are measured at fair value upon initial recognition, which forms its cost of acquisition, less accumulated amortization and any accumulated impairment losses.

iii. 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 or loss as incurred.

iv. Amortisation

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

— Intellectual property rights	5-10 years
--------------------------------	------------

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

f. Business combinations

In accordance with IFRS, the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is not amortised but tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

Business combinations arising from transfers of interests in entities that are under common control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established' for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

g. 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.

h. Impairment

i. Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

ii. Other assets

The carrying amounts of other assets except for inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications 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 since the last impairment loss was recognised.

An impairment loss is reversed 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. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

i. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. State plans

The Group's contribution to statutory pension funds are charged to Statement of profit and loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

j. Provisions (other than employee benefits)

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

Onerous contracts

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

k. Revenue

i. Sale of goods

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimate reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances.

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

ii. Milestone payments and out licensing arrangements

The Group enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, we recognise or defer the upfront payments received under these arrangements. The deferred revenue is recognized in the consolidated statement of operations in the period in which we complete our remaining performance obligations.

These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement.

Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive.

If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

iii. Research and manufacturing service income

Research and manufacturing service income is recognised on an accrual basis as and when the services are rendered and recovery of consideration is probable.

iv. Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

I. Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are deducted in reporting the related expense.

m. Income tax

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

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

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax 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

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

n. Borrowing cost

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

o. Earnings per share

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

p. Standards issued but not yet effective

The following new standards have been released, but are not yet adopted by the Group. The expected impact and progress is shown below.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, and also contains new requirements related to presentation. The core principle in that framework is that revenue should be recognised dependent on the transfer of promised goods or services to the customer for an amount that reflects the consideration which should be received in exchange for those goods or services. The objective of the standard is to provide a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognising revenue when or as performance obligations are satisfied. Judgement will need to be applied, including making estimates and assumptions, for multiple-element contracts in identifying performance obligations, in constraining estimates of variable consideration and in allocating the transaction price to each performance obligation and to lease components (if any). The new standard will result in an increased volume of disclosure information in the Annual Financial Statements.

The Group has done a qualitative assessment of the likely impact of the new standard on revenue recognition.

The Standard is not expected to have a material impact on the revenue streams from the supply of goods and associated rebates and returns provisions. The timing of the recognition of product sales and the basis for the estimates of sales deductions under IAS 18 are consistent with those adopted under IFRS 15.

The previous accounting for license and development arrangements under IAS 18 includes an analysis of the performance obligations under the arrangement and upfront revenue recognition requires the transfer of substantive rights, for example a license to use the intellectual property and an appropriate allocation of revenue to the remaining performance obligations.

Out-licensing contracts and collaborative arrangements may be entered into with no further obligation or may include commitments to research, late-stage development, regulatory approval, co-marketing or manufacturing. These may be settled by a combination of up-front payments, milestone payments, and reimbursements for services provided. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of IFRS 15, involves complex analysis and requires significant judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at once or spread over the term of a longer performance obligation. Based on the Group's initial evaluation it is likely to be deferred over a long period as compared to the past. The new standard provides

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred. However, considering the various group restructurings in the past and transfer of intellectual property between group entities, the determination of the impact for the Group cannot be reasonably estimable at this stage.

As a result of implementing IFRS 15, the Group will also make a presentational change to the financial statements in 2018 to include a new note for 'Revenue' to include the increased volume of required disclosure information.

IFRS 9 'Financial Instruments'

The Group will implement the new standard effective 1 January 2018. The new standard will replace IAS 39 'Financial Instruments: Recognition and Measurement'. The standard deals with the classification, recognition and measurement (including impairment) of financial instruments and also introduces a new hedge accounting model. The new standard will not have any material impact on the Group.

IFRS 16 'Leases'

The Group will implement the new standard effective 1 January 2019. The Standard will replace IAS 17 'Leases' and will require lease liabilities and 'right of use' assets to be recognised on the balance sheet for almost all leases. The Group is in the process of assessing the impact of the new standard and expects to complete the same prior to the year ending 31 March 2019. The new Standard is not expected to have a material impact on the Group.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective date 1 January 2018)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date 1 January 2018)

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration (effective date 1 January 2018)

Amendments to IAS 40: Investment Property (effective date 1 January 2018)

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements
All amounts are in USD

3. Property, plant and equipment

	Land	Buildings	Furniture and fixtures	Plant and equipment	Vehicles	Under construction	Total
Cost							
Acquisitions (Refer note 27)	14,800,015	6,115,271	-	3,048,743	68,720	248,824,997	272,857,746
Additions	-	-	-	-	-	10,063,675	10,063,675
Transfers from assets under construction	-	84,562,711	701,889	173,560,488	-	(258,825,088)	-
Balance at March 31, 2017	14,800,015	90,677,982	701,889	176,609,231	68,720	63,584	282,921,421
Additions	-	53,682	42,185	(824,501)	41,810	15,772,774	15,085,950
Balance at March 31, 2018	14,800,015	90,731,664	744,074	175,784,730	110,530	15,836,358	298,007,371
Depreciation							
Depreciation charge for the period	-	268,658	315	733,564	10,831	-	1,013,368
Balance at March 31, 2017	-	268,658	315	733,564	10,831	-	1,013,368
Depreciation charge for the year	-	3,505,322	118,597	12,965,210	20,287	-	16,609,416
Balance at March 31, 2018	-	3,773,980	118,912	13,698,774	31,118	-	17,622,784
Net book value							
At March 31, 2017	14,800,015	90,409,324	701,574	175,875,667	57,889	63,584	281,908,053
At March 31, 2018	14,800,015	86,957,684	625,162	162,085,956	79,412	15,836,358	280,384,587

(i) As at 31 March 2018, the entire property, plant and equipment of Biocon SDN BHD are pledged with banks for credit facilities granted to the Group as disclosed in note 12.

(ii) Of the total depreciation charge for the year, an amount of Nil (March 31, 2017: USD 641,686) has been capitalised to property, plant and equipment and the balance amount of USD 16,609,417 (March 31, 2017: USD 371,682) has been charged to profit and loss.

(iii) The amount of borrowing cost capitalised in assets under construction during the year is USD 1,114,964 (March 31, 2017: USD 7,018,941).

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements
All amounts are in USD

4. Intangible assets under development

	Intellectual property rights	Marketing rights	Total
Cost			
Other acquisitions – externally purchased [Refer note (i) and (ii) below]	80,042,103	-	80,042,103
Balance at March 31, 2017	80,042,103	-	80,042,103
Additions			
Balance at March 31, 2018	28,381,126	7,500,000	35,881,126
	108,423,229	7,500,000	115,923,229
Carrying amounts			
At March 31, 2017	80,042,103	-	80,042,103
At March 31, 2018	108,423,229	7,500,000	115,923,229

(i) In March 2016, the Company acquired the licensing rights of global commercialisation (excluding India) pertaining to Biosimilar Monoclonal Antibodies ("Mabs") and certain Proteins from Biocon Research Limited, a fellow subsidiary for USD 42,406,014.

(ii) During the period ended March 31, 2017, Biocon SA ("BSA") had transferred the commercialisation and development rights of insulin and insulin analogs for certain products to the Group with a fair value of USD 22,386,400 for a total consideration of USD 10,000,000 and the difference of USD 12,386,400 was recorded in capital reserves.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

<i>All amounts are in USD</i>		March 31, 2018	March 31, 2017
5. Subsidiaries			
	% of holding		
6,652,758 (March 31, 2017: 6,652,758) Equity shares investment in Biocon Sdn. Bhd, Malaysia, at cost	100	16,864,771	16,864,771
7,251,648 (March 31, 2017: 4,005,115) Preference shares investment in Biocon Sdn. Bhd, Malaysia, at cost	68	22,336,589	12,336,589
50,000 (March 31, 2017: 50,000) Equity shares investment in Biocon Biologics India Limited, India, at cost	100	7,435	7,435
Details of the subsidiary are as follows:			
Biocon Sdn. Bhd. is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Level 7, Menara Milenium, Jalan Damanlela, Damansara Heights - 50490, Kuala Lumpur.			
Biocon Biologics India Limited ("BBIL"), is a public limited company, incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka.			
The subsidiaries are engaged in the manufacture of various insulin products and research and development activities of biopharmaceutical products. Biocon Sdn. Bhd has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation in Johor, Malaysia.			
6. Other financial assets			
Non-current			
Loans and receivables		56,385	56,385
		<u>56,385</u>	<u>56,385</u>
7. Prepayments and other assets			
Non-current			
Capital Advances		6,982,422	1,259,335
Prepayments		508,491	2,200,027
		<u>7,490,913</u>	<u>3,459,362</u>
Amount of USD 2,120,264 from March 31, 2017 balance has been reclassified from non-current portion to current portion of prepayments and other assets to conform with current year's presentation.			
Current			
Advances recoverable		903,183	848,910
Balances with statutory or government authorities		2,102,960	980,000
Prepayments		2,469,125	2,382,918
		<u>5,475,268</u>	<u>4,211,828</u>
8. Inventories			
Traded goods		-	859,355
Raw materials		3,997,550	3,408,440
Semi-finished/Finished goods		5,956,123	6,032,819
		<u>9,953,673</u>	<u>10,300,614</u>
9. Trade and other receivables			
Current			
Other trade receivables		18,104,679	7,432,236
Other receivables		15,129,525	9,024,576
		<u>33,234,204</u>	<u>16,456,812</u>
As at March 31, 2017, prepayments amounting to USD 2,091,564 were disclosed as part of trade and other receivables which have been reclassified to current portion of prepayments and other assets to conform with current year's presentation.			
Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 23 (iv).			
10. Cash and cash equivalents			
Cash and cash equivalents per balance sheet		15,754,061	10,540,979
		<u>15,754,061</u>	<u>10,540,979</u>
Bank overdraft/Working Capital [refer note 14]		(8,058,347)	-
Cash and cash equivalents per cash flow statement		<u>7,695,714</u>	<u>10,540,979</u>

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

<i>All amounts are in USD</i>	March 31, 2018	March 31, 2017
11. Capital and reserves		
A. Ordinary share capital		
Authorised share capital 97,722,710 (March 31, 2017: 47,183,101) ordinary shares of GBP 1 each	133,200,000	67,000,000
As at April 1, 2017	67,000,000	-
Issued for cash during the period/year	66,200,000	67,000,000
On issue at March 31, 2018	133,200,000	67,000,000
Allotted, called up and fully paid 97,722,710 (March 31, 2017: 47,183,101) ordinary shares of GBP 1 each	133,200,000	67,000,000
Share application money pending allotment	15,000,000	-
	148,200,000	67,000,000

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Issue of ordinary shares

During the year the Company issued 50,539,609 (March 31, 2017: 47,183,101) ordinary shares of GBP 1 per share for a consideration of USD 66,200,000 (March 31, 2017: 67,000,000), settled in cash.

B. Nature and purpose of reserves

Capital reserve

(a) The capital reserve is in respect of non-reciprocal capital contribution from a related party on account of acquisition of commercialisation and development rights for Insulin Analogs (IPR) by the Group. Refer note 4 (ii).

(b) The balance also includes the difference between the consideration paid and the net assets acquired of Biocon Sdn. Bhd, as on the date of acquisition. Refer note 27.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the standalone financial statements of the Company. Thus the amounts reported are not distributable in entirety.

C. Retained losses

Balance at the beginning of year	(1,678,188)	-
Losses attributable to owners of the Company	(13,161,436)	(1,678,188)
Balance at the end of year	(14,839,624)	(1,678,188)

12. Interest-bearing loans and borrowings

Non-current

Secured bank loans [Refer note (a)]	154,715,140	178,429,982
Shares classified as debt - unsecured [Refer note (b)]	13,206,650	22,488,133
Advances from related party [Refer note (c)]	57,696,687	51,389,998
	225,618,477	252,308,113

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 23(iv).

(a) Secured bank loans

Biocon Sdn. Bhd., Malaysia ('Biocon Malaysia') had obtained a term loan facility of USD 130 million from a consortium of banks. During the year ended March 31, 2016, Biocon Malaysia has refinanced the existing term loan from Standard Chartered Bank (Hong Kong) Limited. The loan is repayable in quarterly instalments which commenced from March, 2017. On July 6, 2015, Biocon Sdn Bhd had entered into a new term loan agreement with Standard Chartered Bank (Hong Kong) Limited for an amount of USD 70 million. The loan is repayable in quarterly instalments commenced from March, 2017.

The term loans are denominated in USD and carries an interest rate of LIBOR + 2.25% p.a (March 31, 2017: LIBOR + 3.25%) and LIBOR + 1.80% p.a (March 31, 2017: LIBOR + 4.25%) for facility of USD 130 million and USD 70 million respectively. The term loan is secured by a fixed and floating charge over all present and future assets and a charge over the freehold property of Biocon Malaysia.

Biocon Malaysia has also obtained letter of undertaking from the ultimate holding company.

All amounts are in USD

March 31, 2018 March 31, 2017

12. Interest-bearing loans and borrowings (continued)

Significant covenants

The term loan obtained by Biocon Sdn. Bhd, Malaysia is subject to the following covenants:

- i) Maintain debt to tangible net worth ratio of not more than 75:25 (March 31, 2017: 70:30) as defined by respective financial institution.
- ii) Maintain security ratio of not less than 1.15:1 as defined by respective financial institution.

As at March 31, 2018 and March 31, 2017, the Biocon Sdn. Bhd, Malaysia, is in compliance with the covenants

(b) Shares classified as debt

Biocon Sdn. Bhd, Malaysia has issued 8,558,972 non-cumulative redeemable convertible preference shares ("NCRCPs") at an issue price and par value of RM10 each. The NCRCPs rank pari passu with one another without any preference or priority among themselves. Each NCRCPs shall confer on the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution. The NCRCPs shall be redeemable at par value, in full or in part, and in any number of tranches at the option of the NCRCPs shareholder at any time after ten years from the date of issue of the NCRCPs.

The NCRCPs shall have no voting right or right to move or second any resolutions at any general meetings of the Company, except:

- (i) upon any resolution which varies or is deemed to vary the right and privileges attached to the NCRCPs; and
- (ii) upon any resolution for the winding up of the Company.

(c) The advances from a related company in Biocon Sdn. Bhd. are unsecured, interest free and not repayable within the next twelve months. During the year, Biocon Biologics India Limited has obtained an unsecured loan facility from Biocon Limited, at prevailing market rate of interest for a period of three years to set up its manufacturing facility.

13. Other financial liabilities

Derivative liabilities used for hedging which relates to range forward contract and interest rate swap	1,491,773	1,906,095
	<u>1,491,773</u>	<u>1,906,095</u>
Non-current	922,343	936,827
Current	569,430	969,268

14. Interest-bearing loans and borrowings

Current

Bank overdraft/Working Capital [refer note (i) below]	8,058,347	-
Current portion of secured bank loans (refer note 12)	23,714,842	11,809,259
	<u>31,773,189</u>	<u>11,809,259</u>

(i) Biocon Sdn. Bhd. has availed working capital facilities upto USD 20 million from Standard Chartered Bank and Maybank Bhd carrying an interest rate of BLR+3.25%. The working capital facilities are secured by a charge on inventories and accounts receivables of Biocon Sdn. Bhd.

15. Trade and other payables

Current

Trade payables due to related parties	38,064,593	40,829,533
Other trade payables	22,212,967	18,644,263
Other payables	8,164,371	7,121,889
	<u>68,441,931</u>	<u>66,595,685</u>

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 23(iv).

16. Other current liabilities

Book overdrafts	-	646,750
	<u>-</u>	<u>646,750</u>

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements

	For the year ended March 31, 2018	For the thirteen month period ended March 31, 2017
<i>All amounts are in USD</i>		
17. Revenue		
Sale of goods	53,556,134	28,526,644
Licensing and development fees	2,888,275	14,800,000
Sale of process waste and others	14,491	-
	<u>56,458,900</u>	<u>43,326,644</u>
Geographic information of revenue is as follows:		
MEXICO	21,478,323	-
MALAYSIA	15,662,617	8,730,305
BRAZIL	5,056,399	9,000,000
NETHERLANDS	3,886,246	10,576,177
Others	10,375,315	15,020,162
Total	<u>56,458,900</u>	<u>43,326,644</u>
18. Other income		
Royalty income	-	77,294
Income from research activities	-	1,869,075
Others	-	47,554
	<u>-</u>	<u>1,993,923</u>
19. Research and development expenses		
Research and development expenses	62,062,062	40,523,138
Less: Recovery from co-developer	(22,192,306)	(2,370,873)
Less: Expenses incurred on account of intangible assets under development	(28,712,515)	(15,249,689)
	<u>11,157,241</u>	<u>22,902,576</u>
20. Expenses, staff costs and auditor's remuneration		
<i>Included in profit or loss are the following:</i>		
Travelling and conveyance	441,316	186,111
Professional charges	1,651,080	603,790
Power and utility charges	6,114,736	1,805,111
Lab Consumables	468,090	356,121
Repairs and maintenance	6,137,976	837,912
Selling expenses	2,083,849	-
Facility charges from development partner	(13,382,761)	-
Others	1,374,907	1,053,482
	<u>4,889,193</u>	<u>4,842,527</u>
Staff costs		
Wages, salaries and others	12,002,257	3,287,082
Contributions to state plans	1,047,908	809,379
	<u>13,050,165</u>	<u>4,096,461</u>
The directors of the Group have not received any emoluments in respect of their directorship. The average number of employees is 547 in the year ended March 31, 2018 (March 31, 2017; 477). The function wise split is as follows:		
Particulars	Nos.	Nos.
Administrative & Support department	117	252
Quality department	140	116
Production department	240	64
Research and development department	50	45
	<u>547</u>	<u>477</u>
Auditor's remuneration		
Audit of these financial statements	40,930	27,606
Audit of subsidiaries	37,403	15,430

BIOCON BIOLOGICS LIMITED**Notes to the consolidated financial statements**

	For the year ended March 31, 2018	For the thirteen month period ended March 31, 2017
<i>All amounts are in USD</i>		
21. Finance income and expense		
<i>Recognised in profit or loss</i>		
<u>Finance income</u>		
Interest income on:		
Deposits with banks	47,247	27,346
Others	3,477	-
	<u>50,724</u>	<u>27,346</u>
<u>Finance expenses</u>		
Interest expense	6,732,923	-
Bank charges	6,299	78,101
Net foreign exchange loss	1,201,424	53,405
	<u>7,940,646</u>	<u>131,506</u>
Net financing expense	<u>7,889,922</u>	<u>104,160</u>

22. Capital management

The Group's objectives when managing capital is to maintain a strong capital base, so as to maintain market confidence and to sustain future development of the business. Management monitors and maintains an optimal security ratio and debt-to-equity ratio that complies with debt covenants.

The capital structure as of March 31, 2018 and March 31, 2017 was as follows:

Particulars	March 31, 2018	March 31, 2017
Total equity attributable to owners of the Company	137,963,546	70,161,027
As a percentage of total capital	35%	21%
Interest-bearing loans and borrowings	257,391,666	264,117,372
As a percentage of total capital	65%	79%
Total capital (Equity and Borrowings)	395,355,212	334,278,399

23. Financial instruments

A. Accounting classifications and fair values

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

March 31, 2018	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Loans and receivables					
Other financial assets	56,385	-	-	-	-
Trade and other receivables	33,234,204	-	-	-	-
Cash and cash equivalents	15,754,061	-	-	-	-
Total financial assets	49,044,650				
Designated derivative instruments					
Other financial liabilities	1,491,773	-	1,491,773	-	1,491,773
Financial liabilities measured at amortised cost					
Other interest-bearing loans and borrowings	257,391,666	-	-	-	-
Trade and other payables	68,441,931	-	-	-	-
Total financial liabilities	327,325,370				
March 31, 2017	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Loans and receivables					
Other financial assets	56,385	-	-	-	-
Trade and other receivables	16,456,812	-	-	-	-
Cash and cash equivalents	10,540,979	-	-	-	-
Total financial assets	27,054,176				
Designated derivative instruments					
Other financial liabilities	1,906,095	-	1,906,095	-	1,906,095
Financial liabilities measured at amortised cost					
Other interest-bearing loans and borrowings	264,117,372	-	-	-	-
Trade and other payables	66,595,685	-	-	-	-
Total financial liabilities	332,619,152				

The carrying amounts of other financial asset, trade and other receivables, cash and cash equivalents, trade and other payables and bank overdrafts reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of variable rate secured bank loans approximate its fair value as its effective interest rate changes accordingly to movements in the market interest rate.

The carrying amount of the liability portion of the shares classified as debt approximate its fair value as the interest rate has not changed significantly from the market interest rate since initial recognition.

23. Financial instruments (continued)

B. Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

Sensitivity analysis

For the fair values of range 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.

Significant observable inputs	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	-	-	(339,781)	(207,048)
Interest rates (100 bps movement)	(174,285)	174,285	(625,491)	625,491

C. Net gains and losses arising from financial instruments

	March 31, 2018	March 31, 2017
Net gains and losses arising from financial instruments:		
Loans and receivables	(1,201,424)	(96,690)
Financial liabilities recognised as amortised cost	(6,739,222)	(7,056,265)
Derivative designated as hedging instrument		
- Recognised in other comprehensive income	(236,045)	451,815
	(8,176,691)	(6,701,140)

D. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

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

(ii) Credit risk

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

Customer credit risk is managed by each business unit subject to Group's established policy, procedures and control relating to customer credit risk management. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group'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 Group 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 USD 18,104,679 (March 31, 2017: USD 7,432,236). As at March 31, 2017, there is no impairment losses to be provided for. Company uses ageing analysis to monitor the credit quality of its receivables.

Credit risk on cash and cash equivalent is limited as the Group generally invests in deposits with banks and financial institutions rated 'A' and above by international and domestic credit rating agencies.

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements
All amounts are in USD

23. Financial instruments (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	March 31, 2018	March 31, 2017
Not past due	15,479,830	6,826,537
Past due 1 - 30 days	2,578,471	412,473
Past due 31 - 120 days	-	121,381
Past due more than 120 days	46,378	71,845
	18,104,679	7,432,236

There is no allowance for impairment loss of trade receivables for the financial year.

As on March 31, 2018 individual customers which accounted for more than 10% of total trade receivables were USD 16,436,255 (March 31, 2017: USD 6,256,429).

(iii) Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liability when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018 and March 31, 2017:

March 31, 2018	Carrying amount	Less than 1 year	1 - 2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>					
Secured bank loans	186,488,329	31,773,189	34,926,895	119,788,245	-
Shares classified as debt	13,206,650	-	-	-	13,206,650
Advances from related party	57,696,687	51,389,992	-	6,306,695	-
Trade and other payables	68,441,931	68,441,931	-	-	-
<i>Derivative financial liabilities</i>					
Interest rate swap	1,491,773	569,430	922,343	-	-
Total	327,325,370	152,174,542	35,849,238	126,094,940	13,206,650
<hr/>					
March 31, 2017	Carrying amount	Less than 1 year	1 - 2 years	2-5 years	More than 5 years
<i>Non-derivative financial liabilities</i>					
Secured bank loans	190,239,241	11,809,259	23,714,842	117,148,621	37,566,519
Shares classified as debt	22,488,133	-	-	-	22,488,133
Advances from related party	51,389,998	-	51,389,998	-	-
Trade and other payables	66,595,685	66,595,685	-	-	-
<i>Derivative financial liabilities</i>					
Range forward contract	61,784	61,784	-	-	-
Interest rate swap	1,844,311	907,468	549,994	386,849	-
Total	332,619,152	79,374,196	75,654,834	117,535,470	60,054,652

(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.

23. Financial instruments (continued)

(a) Foreign currency risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Group holds derivative instruments such as foreign exchange range forward contracts and interest rate swap 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, 2018 and March 31, 2017 is as below:

March 31, 2018	Amounts in USD			
	MYR	EUR	Others	Total
Financial assets				
Trade and other receivables	6,712,839	45,630	-	6,758,469
Cash and cash equivalents	-	-	295,615	295,615
Financial liabilities				
Bank overdraft/Working Capital	(4,968,024)	-	-	(4,968,024)
Trade and other payables	(5,029,904)	(474,963)	(81,070)	(5,585,937)
Net assets / (liabilities)	(3,285,089)	(429,333)	214,545	(3,499,877)

March 31, 2017	Amounts in USD			
	MYR	EUR	Others	Total
Financial assets				
Trade and other receivables	8,346,881	45,630	-	8,392,511
Cash and cash equivalents	-	-	14,911	14,911
Financial liabilities				
Trade and other payables	(6,519,941)	(2,729,877)	(817,619)	(10,067,437)
Net assets / (liabilities)	1,826,940	(2,684,247)	(802,708)	(1,660,015)

Sensitivity analysis

A 1% strengthening/weakening of the US Dollar against the following currencies at the end of the reporting period would have increased/(decreased) pre-tax profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates and remained constant.

Particulars	Impact on profit or (loss)		Impact on equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
MYR Sensitivity				
USD/MYR - Increase by 1%	32,526	(18,089)	32,526	(357,869)
USD/MYR - Decrease by 1%	(32,526)	18,089	(32,526)	(188,959)
EUR Sensitivity				
USD/EUR - Increase by 1%	4,251	26,577	4,251	26,577
USD/EUR - Decrease by 1%	(4,251)	(26,577)	(4,251)	(26,577)

Derivative financial instruments

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

Particulars	March 31, 2018	March 31, 2017
European style option contracts with periodical maturity dates (USD)	Nil	1,500,000

23. Financial instruments (continued)

(b) Interest rate risk

The Group's main interest rate risk arises from long-term loans and borrowings with variable rates, which expose the company to cash flow interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

Particulars	March 31, 2018	March 31, 2017
Variable rate borrowings	192,795,024	190,239,241
Fixed rate borrowings	64,596,642	73,878,131
	257,391,666	264,117,372

Sensitivity

The Group's policy is to maintain part of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk to the extent covered by interest rate swap. For the part of borrowing not covered under interest rate swaps, a change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and pre-tax profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

March 31, 2018	Impact on profit or (loss)		Impact on equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments				
Interest rate swap	(1,459,847)	1,459,847	(1,634,132)	1,634,132
Cash flow sensitivity (net)	(1,459,847)	1,459,847	(1,634,132)	1,634,132

March 31, 2017	Impact on profit or (loss)		Impact on equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments				
Interest rate swap	(1,138,392)	1,138,392	(1,763,883)	1,763,883
Cash flow sensitivity (net)	(1,138,392)	1,138,392	(1,763,883)	1,763,883

Derivative assets / liabilities designated as cash flow hedge

Cash flow hedge

The Company has entered into an interest rate swap to hedge the cash flow risk in relation to the floating interest rate of a bank loan of USD 178,429,982 (March 31, 2017: USD 190,239,241). The interest rate swap has the nominal value of USD 46,810,280 (March 31, 2017: USD 76,400,000) and is settled every quarter, consistent with the interest repayment schedule of the loan.

The following table indicates the periods in which the cash flow associated with the interest rate swap are expected to occur and affect profit or loss:

March 31, 2018	Carrying amount	Expected cash flows			
		Under 1 year	1-2 years	2-5 years	Total
Interest rate swap	1,491,773	304,741	255,806	-	560,547

March 31, 2017	Carrying amount	Expected cash flows			
		Under 1 year	1-2 years	2-5 years	Total
Interest rate swap	1,844,311	725,499	758,998	105,692	1,590,189

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements
All amounts are in USD

24. Commitments

A. Capital commitment

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
The Group has a capital commitment to purchase property, plant and equipment amounting to	22,870,814	9,576,709

B. Operating lease commitments

Where the Company is a lessee:

Non-cancellable operating lease rentals are payable as follows:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Less than one year	<u>19,677</u>	<u>9,988</u>
	<u>19,677</u>	<u>9,988</u>

During the year ended March 31, 2018 USD 43,904 (period ended March 31, 2017: USD 38,585) was recognised in the consolidated statement of profit and loss and other comprehensive income.

25. Related parties

Identity of related parties

For the purposes of consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. There are no key management personnel in the Group other than the Directors.

The Group has related party relationships with its holding company, related companies and Directors.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group are shown below.

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
A. Other related party transactions		
Ultimate Holding Company (Biocon Limited)		
Sale of Goods	76,202	3,263,830
Recharge of expenses	(16,510,081)	(17,256,310)
Purchase of traded goods	(5,447,607)	(10,090,675)
Purchase of materials	-	(959,338)
Interest expense	(156,212)	-
Advances from related party	(6,256,899)	-
Corporate guarantee	(8,870,288)	(439,716)
Other related parties (Fellow subsidiaries)		
Recharge of expenses	(9,053,365)	(2,220,804)
Biocon Research Limited	(7,772,660)	(1,292,400)
Others	(1,280,705)	(928,404)
Research and Development Expenses	13,792,122	14,319,424
Biocon Research Limited	11,243,021	11,689,333
Others	2,549,101	2,630,091
Reimbursement of expenses from Biocon SA	-	19,352,719
Purchase of intellectual property rights from Biocon SA	-	9,994,563
B. Balance outstanding		
Ultimate Holding Company (Biocon Limited)	(25,432,621)	(32,338,167)
Other related parties (Fellow subsidiaries)	(19,850,868)	(8,491,366)
Biocon Research Limited	(13,698,800)	(6,643,447)
Others	(6,152,068)	(1,847,919)
C. Fees paid to a company in which certain Directors are members	1,683	1,259

The Ultimate Parent of the Group is Biocon Limited, located in India, incorporated under the Indian Companies Act 2013.

BIOCON BIOLOGICS LIMITED
Notes to the consolidated financial statements
All amounts are in USD

26. Taxation

Reconciliation of tax expense	March 31, 2018	March 31, 2017
Loss for the year/period	(13,432,369)	(1,407,256)
Tax using UK corporation tax rate of 19% (March 31, 2017: 20%)	(2,552,150)	(281,451)
Current year losses for which no deferred tax asset was recognised	2,552,150	281,451
Others	270,933	270,932
Total tax credit/(expense)	270,933	270,932

Deferred tax assets are recognized for unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of tax credits and unused tax losses can be utilized. Considering there is no virtual certainty of availability of sufficient taxable profits, no deferred tax assets have been recognized in the current year.

27. Acquisition of subsidiary

On March 29, 2016, the Company acquired 100% of the ordinary shares in Biocon Sdn. Bhd. ("BSDN") from Biocon Limited, the Ultimate Holding Company, for a net consideration of USD 15,628,976, satisfied in cash. BSDN is engaged in the manufacturing of various biosimilar insulin products and in research and development activities of biopharmaceutical product. The Company believes that acquisition will provide enhanced value from the biosimilar business for its investment. During the current year, the subsidiary contributed total revenue of USD 30,258,792 (March 31, 2017: USD 13,129,810) and net loss of USD 8,608,511 (March 31, 2017: net profit of USD 528,212) to the Group's results for the period. The acquisition was accounted for as a common control transaction since BSDN was wholly owned by the Ultimate Holding Company.

Effect of acquisition

The acquisition had the following effect in the Group's assets and liabilities.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	Amount in USD
Property, plant and equipment	3	272,857,746
Other financial assets		295,505
Other assets		8,372,938
Trade and other receivables		14,682,183
Interest-bearing loans and borrowings		(248,557,398)
Other financial liabilities		(3,558,238)
Trade and other payables		(36,462,760)
Total identifiable net assets acquired		7,629,976

Capital reserve arising from the common control acquisition has been recognised as follows:

	Amount in USD
Consideration transferred in Cash	16,864,771
Less: Cash and cash equivalents acquired	(1,235,795)
Net consideration transferred in Cash	15,628,976
Total identifiable net assets acquired, net of cash acquired	(7,629,976)
Transferred to Capital reserve	7,999,000

BIOCON BIOLOGICS LIMITED
Standalone Balance Sheet

<i>All amounts are in USD</i>	Note	March 31, 2018	March 31, 2017
Non-current assets			
Intangible assets under development	3	80,936,681	54,931,169
Investments	4	73,508,795	29,208,795
		154,445,476	84,139,964
Current assets			
Inventories	5	-	859,355
Trade receivables	6	6,175,259	4,039,964
Cash and cash equivalents	7	14,416,216	10,427,893
		20,591,475	15,327,212
Total assets		175,036,951	99,467,176
Equity			
Equity share capital	8	148,200,000	67,000,000
Other equity		(4,868,010)	(1,754,584)
		143,331,990	65,245,416
Current liabilities			
Trade payables	9	31,704,961	33,950,828
Income tax liability (net)		-	270,932
		31,704,961	34,221,760
Total equity and liabilities		175,036,951	99,467,176

The notes on the pages 39 to 45 also form part of these financial statements

These financial statements were approved by the board of directors on June 30, 2018 and were signed on its behalf by:


John Shaw
 Director

Company registered number: 10038295

BIOCON BIOLOGICS LIMITED
Standalone Statement of Changes in Equity
All amounts are in USD

Particulars	Share capital	Retained earning	Total equity
Loss for the period	-	(1,754,584)	(1,754,584)
Total comprehensive loss for the period	-	(1,754,584)	(1,754,584)
<i>Transactions with owners, recorded directly in equity</i>			
Issue of ordinary shares	67,000,000	-	67,000,000
Total contributions by and distributions to owners	67,000,000	-	67,000,000
Balance at March 31, 2017	<u>67,000,000</u>	<u>(1,754,584)</u>	<u>65,245,416</u>
Loss for the year	-	(3,113,426)	(3,113,426)
Total comprehensive loss for the year	-	(3,113,426)	(3,113,426)
<i>Transactions with owners, recorded directly in equity</i>			
Issue of ordinary shares	66,200,000	-	66,200,000
Share application money pending allotment	15,000,000	-	15,000,000
Total contributions by and distributions to owners	81,200,000	-	81,200,000
Balance at March 31, 2018	<u>148,200,000</u>	<u>(4,868,010)</u>	<u>143,331,990</u>

The notes on the pages 39 to 45 also form part of these financial statements

BIOCON BIOLOGICS LIMITED
Notes to the standalone financial statements

1. Reporting entity

Biocon Biologics Limited ("the Company") is a company limited by shares incorporated and domiciled in England, in the United Kingdom. The registered number is 10038295 and the registered address is 16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B AH.

2. Basis of preparation of financial statements

a. Statement of compliance

The standalone financial statements have been prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a parent undertaking and its standalone financial result is included in the Company's consolidated financial statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account and related notes. The loss for the year ended March 31, 2018 was USD 3,113,426 (March 31, 2017: USD 1,754,584).

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements.

In these financial statement, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with related parties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective International Financial Reporting Standards;

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IAS 32 Financial instruments: Presentation;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company.

The Company has recognised a net loss after tax of USD 3,113,426 for the year ended March 31, 2018 (March 31, 2017: 1,754,584). The Management believes that the going concern assumption is considered appropriate in view of the fact that the plant in Malaysia has commenced its operations and based on the Cash flow projections for the years till FY 2027, the members of the Company's board of directors have reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

b. Functional and presentation currency

These standalone financial statements are presented in United States Dollar (USD), which is also the functional currency of the Company. The functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

BIOCON BIOLOGICS LIMITED
Notes to the standalone financial statements

c. Foreign Currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

d. Investments

Investments in subsidiary undertakings are stated at cost, less provision for any impairment in value.

e. Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

BIOCON BIOLOGICS LIMITED
Notes to the standalone financial statements

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Cash and cash equivalents

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

f. Intangible assets

i. Research and development

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

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

ii. Other intangible assets

Other intangible assets acquired by the Group are measured at fair value upon initial recognition, which forms its cost of acquisition, less accumulated amortization and any accumulated impairment losses.

BIOCON BIOLOGICS LIMITED
Notes to the standalone financial statements

iii. 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 or loss as incurred.

g. 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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.

h. Provisions

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

Onerous contracts

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

i. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit or 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.

BIOCON BIOLOGICS LIMITED
Notes to the standalone financial statements

All amounts are in USD

March 31, 2018 March 31, 2017

3. Intangible assets under development

	Intellectual property rights	Marketing rights	Total
Cost			
Other acquisitions – externally purchased [Refer note (i) below]			
Other adjustments	54,931,169	-	54,931,169
As at March 31, 2017	<u>54,931,169</u>	-	<u>54,931,169</u>
Addition during the year	18,505,512	7,500,000	26,005,512
Balance at 31 March 2018	<u>73,436,681</u>	<u>7,500,000</u>	<u>80,936,681</u>

In March 2016, the Company acquired the licensing rights of global commercialisation (excluding India) pertaining to Biosimilar Monoclonal Antibodies ("Mabs") and certain Proteins from Biocon Research Limited, a fellow subsidiary for USD 42,406,014.

4. Non-Current Investments

I. Unquoted equity shares

Biocon Sdn. Bhd., Malaysia - 6,652,758 (March 31, 2017: 6,652,758) equity shares of RM 10 each; Holding - 100%	16,864,771	16,864,771
Biocon Biologics India Limited, India - 500,000 (March 31, 2017: 500,000) equity shares of INR 10 each; Holding - 100%	7,435	7,435

Total investments in equity instruments

16,872,206 **16,872,206**

II. Unquoted preference shares

Biocon Sdn. Bhd., Malaysia - 7,251,648 (March 31, 2017: 4,005,115) preference shares of RM 10 each; Holding - 68% (March 31, 2017: 38%)	22,336,589	12,336,589
---	------------	------------

Total investments in preference shares

22,336,589 **12,336,589**

III. Others

Preference share application money pending allotment	34,300,000	-
--	------------	---

Total non-current investments

73,508,795 **29,208,795**

Details of the subsidiary are as follows:

Biocon Sdn. Bhd. is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Level 7, Menara Milenium, Jalan Damanela, Damansara Heights - 50490, Kuala Lumpur.

Biocon Biologics India Limited ("BBIL"), is a public limited company, incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka.

The subsidiaries are engaged in the manufacture of various insulin products and research and development activities of biopharmaceutical products. Biocon Sdn. Bhd has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation in Johor, Malaysia.

5. Inventories

Traded goods	-	859,355
	<u>-</u>	<u>859,355</u>

BIOCON BIOLOGICS LIMITED
Notes to the standalone financial statements

All amounts are in USD March 31, 2018 March 31, 2017

6. Trade and other receivables

Current

Trade receivables	6,175,259	3,114,405
Other receivables	-	925,559
	<u>6,175,259</u>	<u>4,039,964</u>

Full information about the exposure to interest rate, foreign currency and liquidity risks is included in Note 23 (iv) of the consolidated financial statements.

7. Cash and cash equivalents

Balances with banks:

On current accounts	14,416,216	10,427,893
	<u>14,416,216</u>	<u>10,427,893</u>

8. Capital and reserves

A. Ordinary share capital

Authorised share capital 97,722,710 (March 31, 2017: 47,183,101) ordinary shares of GBP 1 each	<u>133,200,000</u>	<u>67,000,000</u>
As at April 1, 2017	67,000,000	-
Issued for cash during the year/period	66,200,000	67,000,000
On issue at March 31, 2018	<u>133,200,000</u>	<u>67,000,000</u>
Allotted, called up and fully paid 97,722,710 (March 31, 2017: 47,183,101) ordinary shares of GBP 1 each	133,200,000	67,000,000
Share application money pending allotment	15,000,000	-
	<u>148,200,000</u>	<u>67,000,000</u>

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Issue of ordinary shares

During the year the Company issued 50,539,609 (March 31, 2017: 47,183,101) ordinary shares of GBP 1 per share for a consideration of USD 66,200,000 (March 31, 2017: 67,000,000), settled in cash.

B. Nature and purpose of reserves

Retained earning

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

BIOCON BIOLOGICS LIMITED**Notes to the standalone financial statements***All amounts are in USD***March 31, 2018** **March 31, 2017****9. Trade and other payables****Current**

Trade payables due to related parties [refer note (i) below]	23,307,809	33,144,470
Other trade payables	8,397,152	806,358
	<u>31,704,961</u>	<u>33,950,828</u>

Full information about the exposure to interest rate, foreign currency and liquidity risks is included in Note 23(iv) of the consolidated financial statements.

(i) Trade payables due to related parties

Ultimate Holding Company (Biocon Limited)	12,539,249	26,867,309
Other related parties (Fellow subsidiaries)	10,768,560	6,277,161
	<u>23,307,809</u>	<u>33,144,470</u>