

Independent Auditor's Report

To the Members of Biocon Biosphere Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Biocon Biosphere Limited** ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company does not have any pending litigations which would impact its financial position;
 - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - d) The disclosures in the Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Financial Statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABR9755

Place: Bengaluru
Date: 14 May 2020

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the period ended 31 March 2020, we report the following:

- (i) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any fixed assets during the period. Accordingly, the requirements under paragraph 3(i) of the Order are not applicable to the Company.
- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any inventory during the period. Accordingly, the requirements under the paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act").
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable.
- (v) According to information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Company is yet to commence commercial operations hence requirement to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended prescribed by the Central Government under Section 148 of the Act is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books in respect of undisputed statutory dues including Income tax, where applicable have been regularly deposited during the period with the appropriate authorities. The Company did not have any dues on account of Provident Fund, Employees' State Insurance, Goods and Service tax, duty of Customs, Cess and other material dues.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Services tax, duty of customs, and cess which have not been deposited by the Company on account of any disputes.
- (viii) According to the information and explanations given to us, the Company did not have any borrowings during the period from banks, financial institutions and government and by way of debentures.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the period.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or is payable by the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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

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

for B S R & Co. LLP

Chartered Accountants

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

Sampad Guha Thakurta

Partner

Membership No: 060573

UDIN: 20060573AAAABR9755

Bengaluru

14 May 2020

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

Annexure B to the Independent Auditors' Report on the financial statements of Biocon Biosphere Limited for the period ended 31 March 2020

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Opinion

We have audited the internal financial controls with reference to financial statements of **Biocon Biosphere Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

for B S R & Co. LLP

Chartered Accountants

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

Sampad Guha Thakurta

Partner

Membership No: 060573

UDIN: 20060573AAAAABR9755

Bengaluru

14 May 2020

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

Balance Sheet as at March 31, 2020

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

	Note	March 31, 2020
Assets		
Current assets		
Financial assets		
(i) Cash and cash equivalents	3	508
Total current assets		508
TOTAL		508
Equity and Liabilities		
Equity		
Equity share capital	4(a)	500
Other equity	4(b)	(4,405)
Total equity		(3,905)
Current liabilities		
Financial liabilities		
(i) Trade payables	5	
Total outstanding dues of micro and small enterprises		—
Total outstanding dues of creditors other than micro and small enterprises		4,413
Total current liabilities		4,413
TOTAL		508
Summary of significant accounting policies	2	

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

As per our report of even date

for B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru

May 14, 2020

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

Kiran Mazumdar-Shaw

Director

DIN: 00347229

Bengaluru

May 14, 2020

Siddharth Mittal

Director

DIN: 03230757

Statement of Profit and Loss for the period ended March 31, 2020

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

	Note	From December 24, 2019 to March 31, 2020
Expenses		
Other expenses	6	4,405
Total expenses		4,405
Loss for the period		(4,405)
Total comprehensive income for the period		(4,405)
Loss per equity share		
Basic and diluted (in ₹)		(0.33)
Weighted average number of shares used in computing loss per share		
Basic and diluted		13,425

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

As per our report of even date

for B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru

May 14, 2020

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

Kiran Mazumdar-Shaw

Director

DIN: 00347229

Bengaluru

May 14, 2020

Siddharth Mittal

Director

DIN: 03230757

Statement of Changes in Equity for the period ended March 31, 2020

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

(A) Equity share capital

	March 31, 2020
Opening balance	–
Changes in equity share capital during the period	500
Closing balance	500

(B) Other equity

Particulars	Retained earnings	Total other equity
Loss for the period	(4,405)	(4,405)
Balance as at March 31, 2020	(4,405)	(4,405)

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

As per our report of even date

for B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru

May 14, 2020

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

Kiran Mazumdar-Shaw

Director

DIN: 00347229

Bengaluru

May 14, 2020

Siddharth Mittal

Director

DIN: 03230757

Statement of Cash Flows for the period ended March 31, 2020

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

	From December 24, 2019 to March 31, 2020
I Cash flows from operating activities	
Loss for the period before tax	(4,405)
Operating loss before working capital changes	(4,405)
Movements in working capital	
(Decrease)/increase in trade payables	4,413
Net cash generated from operating activities	8
II Cash flows from financing activities	
Proceeds from issuance of equity share capital	500
Net cash generated from financing activities	500
III Net increase in cash and cash equivalents (I + II)	508
IV Cash and cash equivalents at the beginning of the period	–
V Cash and cash equivalents at the end of the period (III+IV)	508
Reconciliation of cash and cash equivalents as per statement of cash flow	
Cash and cash equivalents [refer note 3]	
Balances with banks - on current accounts	508
Balance as per statement of cash flows	508

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

As per our report of even date

for B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru

May 14, 2020

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

Kiran Mazumdar-Shaw

Director

DIN: 00347229

Bengaluru

May 14, 2020

Siddharth Mittal

Director

DIN: 03230757

Notes to the financial statements for the period ended March 31, 2020

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

1. Company overview

1.1 Reporting entity

Biocon Biosphere Limited ("BBL" or "the Company"), subsidiary of Biocon Limited was incorporated on December 24, 2019 under the Companies Act, 2013. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company is in process of setting up its manufacturing facility for Active Pharmaceutical Ingredients (API). As of March 31, 2020, the company has not commenced its business operations.

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

Since, the Company was incorporated on December 24, 2019, these are the first financial statements of the Company.

These financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2020. These financial statements were authorised for issuance by the Company's Board of Directors on May 14, 2020.

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

b) Functional and presentation currency

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

c) Basis of measurement

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

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

d) Use of estimates and judgements

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

Judgements

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

- Note 1.2(b) — Assessment of functional currency;

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:

- Note 10 – recognition and measurement of contingencies and commitments: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 2(a) and 7 – financial instruments.

2 Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit or loss (FVTPL)

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Cash and cash equivalents

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

b. 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.

c. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

	March 31, 2020
3. Cash and bank balances	
Cash and cash equivalents	
Balances with banks:	
On current accounts	508
Total cash and cash equivalents	508
4 (a). Share capital	
Authorized share capital	
50,000,000 equity shares of ₹ 10 each	500,000
Issued, subscribed and fully paid-up	
50,000 equity shares of ₹ 10 each	500
	500

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

Equity shares	March 31, 2020	
	No.	₹
At the beginning of the period	—	—
Issued during the period	50,000	500
Outstanding at the end of the period	50,000	500

(ii) Terms/ rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

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

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

Equity shares	March 31, 2020	
	No.	% holding
Equity shares of ₹ 10 each fully paid		
Biocon Limited, the holding company (including shares held through nominees)	50,000	100%

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

4(b). Other equity

Retained earnings

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

	March 31, 2020
5. Trade payables	
Trade payables	
Total outstanding dues of micro and small enterprises (Refer Note 8)	—
Total outstanding dues of creditors other than micro and small enterprises	4,413
	4,413
	From December 24, 2019 to March 31, 2020
6. Other expenses	
Rates, taxes and fees	4,405
	4,405

7. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

March 31, 2020	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	–	–	508	508	–	–	–	–
	–	–	508	508	–	–	–	–
Financial liabilities								
Trade payables	–	–	4,413	4,413	–	–	–	–
	–	–	4,413	4,413	–	–	–	–

Level 1: Includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted prices. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

B. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

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

(ii) Credit risk

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

Credit risk on cash and cash equivalent is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

(iii) Liquidity risk

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

Based on guarantee from the holding company, the Company will be able to obtain bank facilities to meet its working capital requirements.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Trade payables	4,413	–	–	–	4,413
Total	4,413	–	–	–	4,413

(iv) **Market risk**

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

Foreign currency risk

The Company is not exposed to any foreign exchange risk.

Cash flow and fair value interest rate risk

The Company is not exposed to any cash flow and fair value interest rate risk.

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

The Disclosure with regarding the outstanding dues to enterprises registered under Micro, Small and Medium Enterprise Development Act, 2006 are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers which has been relied on by the auditors. As at March 31, 2020, there are no parties registered under the said Act. Accordingly, no disclosure has been provided for the same.

9. Related Party Disclosures:

The following table provides the value of transactions that have been entered into with related parties for the during the period:

Name of related party	Relationship	Description	For the period December 24, 2019 to March 31, 2020 Expenses / (Income) / Other Transaction	As at March 31, 2020 Payables/ (Receivables)
Biocon Limited	Holding Company	Issue of Equity Shares	500	–
		Cross charges towards other expenses	4,405	–
		Trade Payables		4,413

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

- (i) Biocon Academy, a subsidiary of Biocon Limited
- (ii) Biocon SA, a subsidiary of Biocon Limited
- (iii) Biocon FZ LLC, a subsidiary of Biocon Limited
- (iv) Biocon Biologics India Limited, a subsidiary of Biocon Limited
- (v) Bicara Therapeutics Inc, USA, a subsidiary of Biocon Limited
- (vi) Biocon Pharma Limited, a subsidiary of Biocon Limited
- (vii) Syngene International Limited, a subsidiary of Biocon Limited
- (viii) Biocon Biologics Limited UK, a step down subsidiary of Biocon Limited
- (ix) Biocon SDN BHD, a step down subsidiary of Biocon Limited
- (x) Biocon Healthcare Sdn Bhd, a step down subsidiary of Biocon Limited
- (xi) Syngene USA Inc., a step down subsidiary of Biocon Limited
- (xii) Biocon Pharma Ireland Limited, a step down subsidiary of Biocon Limited

- (xiii) Biocon Biologics Inc, a step down subsidiary of Biocon Limited
- (xiv) Biocon Pharma UK, a step down subsidiary of Biocon Limited
- (xv) Biocon Pharma Inc, a step down subsidiary of Biocon Limited
- (xvi) NeoBiocon FZ LLC, a JV of Biocon Limited

10. Contingent liabilities and commitments

(i) Capital commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2020, net of advances, is Nil.

(ii) Contingent liabilities:

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

11. Since this is the first financial statements of the company after its incorporation, there is no comparative information.

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

As per our report of even date

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

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No.: 060573

Bengaluru

May 14, 2020

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

Kiran Mazumdar-Shaw

Director

DIN: 00347229

Bengaluru

May 14, 2020

Siddharth Mittal

Director

DIN: 03230757