INDEPENDENT AUDITOR'S REPORT

To the Members of Syngene International Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Syngene International Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon. We therefore do not provide a separate opinion on these matters.

Financial instruments – Hedge accounting

[Refer Note 2(a) and 28 to the Standalone Financial Statements]

The Key Audit Matter

The Company enters into forward, option and interest rate swap contracts to hedge its foreign exchange and interest rate risks. Foreign exchange risks arise from sales to customers as significant part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings.

The Company designates a significant portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of the balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity.

These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109: "Financial Instruments". Lockdowns because of COVID-19 had an impact on its operations and thereby impacted Company's estimates relating to occurrence of the highly probable forecasted transactions. A hedging relationship can no longer be continued if the Company concludes forecasted transactions are not likely to occur. Given the uncertainties relating to COVID-19, judgments and estimates relating to hedge accounting were inherently complex.

How the matter was addressed in our audit

Our audit procedures in relation to hedge accounting include the following, amongst others:

We involved our internal valuation specialists to assess the fair value of the derivatives by testing sample contracts. We analyzed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to assess they are closely aligned. We analysed the revised estimate of highly probable forecasted transactions and tested the impact of ineffective hedges. We challenged Company's assertion relating to its ability to meet its forecasts to be able to assert that hedge accounting can be continued by analysing various scenarios to conclude there was no significant impact on the year-end financial statements.

Taxation

[Refer Note 2(l) and 30 to the Standalone Financial Statements]

The Key Audit Matter

The Company's operations are majorly based out of units registered as Special Economic Zone (SEZ) and Export Oriented Unit (EOU). Accordingly, the Company enjoys certain deductions/benefits with respect to payment of income-tax and other indirect taxes, some of which are subject matters of dispute with tax authorities. The Company periodically assesses its tax positions, which include examination by the external tax consultant and tax counsels appointed by the Company. Judgment is required in assessing the range of possible outcomes for some of these tax matters. The possible outcomes, could change significantly over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Where the amount of tax liabilities is uncertain, the Company recognises accruals/contingent liability which reflect the Company's best estimate of the outcome based on the facts as at the reporting date. Thus, there is a risk of incorrect accounting of accruals and disclosure of contingent liability for tax.

The Company also has significant amount of deferred tax assets primarily comprising of Minimum Alternate Tax ('MAT') entitlement credits. These are on account of tax holiday benefits enjoyed by the Company, which would expire over a period of 15 years as stipulated under present income tax law. Assessment of recoverability of such MAT credits require the Company to prepare forecasts for future profitability and potential tax liabilities, which involves significant judgment and accordingly this is an area of focus for us.

How the matter was addressed in our audit

Our audit procedures in relation to taxation include the following, amongst others:

- We obtained an understanding of the key uncertain tax positions based on list of ongoing litigations and tax computations for the current year;
- We analysed select key correspondences with the tax authorities to identify any additional uncertain tax positions;
- We analysed Company's judgment regarding the eventual resolution of matters with various tax authorities. In this regard, we understood how Company has considered past experience, where available, with the tax authorities in the respective jurisdictions;
- We also considered external legal opinions and consultations made by the Company for significant matters;
- We used our own tax specialists' expertise to assess the key assumptions made by Company
- With respect to our assessment of recoverability of MAT, our audit procedures included:
    - Assessing the revenue and profit forecast against the historical performance and assessing the Company's plans with respect to new undertakings being setup having tax holiday benefits; and
    - We assessed the sensitivity of key assumptions. The growth rate and the impact of tax holiday benefit for future years on the Company's ability to utilize MAT credits including sensitivity of any of these assumptions because of impact of COVID-19 that has been considered by the Company.

Ind AS 116 - Leases

[Refer Note 2(n) and 34 to the Standalone Financial Statements]

The Key Audit Matter

Ind AS 116 introduces a new lease accounting model, where the lessees are required to recognize a Right-Of-Use (ROU) asset and a lease liability arising from a lease on its balance sheet. The Company has adopted Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is recognized as an adjustment to the opening balances of the retained earnings as at the date of transition, with no restatement of comparative information.

Lease arrangements in the Company which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognised within assets and liabilities under Ind AS 116.

Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.

Additionally, there is a risk the lease data which is underlying the Ind AS 116 computations is incomplete or inaccurate.

As at 31 March 2020, the carrying amount of ROU asset was INR 864 million and lease liability was INR 873 million.

How the matter was addressed in our audit

Our audit procedures on adoption of Ind AS 116 include the following:

We assessed the selection of accounting policies and practical expedients applied by the Company. We evaluated the design and implementation of key controls and operating effectiveness of the relevant key controls with respect to the Ind AS 116. Based on our evaluation of the contractual agreements entered into and our understanding of the business, assessed the appropriateness of the leases identified by the Company.

On transition to Ind AS 116 with effect from 1 April 2019, we have evaluated the method of transition and related adjustments. We tested the completeness of the lease data by reconciling the Company's existing lease commitments to the lease data underpinning the Ind AS 116 computations. We obtained the Company's quantification of ROU assets and leases liabilities. We assessed the accuracy of the lease data captured by the Company for a sample of leases through inspection of lease contracts. We assessed the accounting policy and disclosures provided under the new lease standard. We also assessed the completeness and mathematical accuracy of the relevant disclosures, including those related to transition.

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report (but does not include the Standalone Financial Statements and our Auditor's Report thereon) which we obtained prior to the date of this Auditor's Report, and the remaining sections of Annual Report, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this Auditor's Report, 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

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

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Standalone Financial Statements made by the Management and Board of Directors.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

    d) In our opinion, the aforesaid Standalone Financial Statements comply with the 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 Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Standalone Financial Statements - Refer Note 31 to the Standalone Financial Statements.

    ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 28 to the Standalone Financial Statements.

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

iv. The disclosures in the standalone 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 Auditor's Report under Section 197(16):

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

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
UDIN: 20060573AAAABG1141

Bengaluru
12 May 2020

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Standalone Financial Statements for the year ended 31 March 2020, we report the following:

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

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds for immovable properties are held in the name of the Company.

ii. Inventories apart from goods in transit have been physically verified by the Management at reasonable intervals during the year and the discrepancies noticed on such verification between the physical stock and book records were not material.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 ("the Order") are not applicable to the Company and hence not commented upon.

iv. According to the information and explanations given to us, there are no loans, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable. However, the Company has complied with the provisions of Section 186 of the Act, with respect to investments made.

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

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance, Income-tax, Goods and Services tax, duty of customs and other material statutory dues have been regularly deposited during the year with the appropriate authorities. However, regarding the deposit of provident fund dues, there have been delays due to timely availability of Universal Account Number/ Aadhar Number in respect of certain employees. As explained to us, the Company did not have any dues on account of Sales tax, duty of excise and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Employees' State Insurance, Provident fund, Income-tax, Goods and Services tax, duty of customs 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, sales tax, value added tax, service tax, duty of customs, duty of excise, goods and services tax which have not been deposited with the appropriate authorities on account of any disputes, other than mentioned below:

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	660	-	2002-03 to 2007-08	High Court of Karnataka
Income Tax Act, 1961	Income Tax	292	273	2009-10 to 2010-11	Income Tax Appellant Tribunal (ITAT)
Income Tax Act, 1961	Income Tax	3,269	394	2008-09, 2011-12 to 2016-17	Commissioner of Income Tax (Appeals)

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any borrowings during the year by way of debentures, loans from financial institutions or loan from the Government.

ix. According to the information and explanations given to us and based on our examination of the records of the Company, no monies were raised, during the year, by the Company by way of initial public issue or further public offer (including debt instruments) and term loans.

x. According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

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

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

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Standalone 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 year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. 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 Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership Number: 060573
UDIN: 20060573AAAABG1141

Bengaluru
12 May 2020

Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of Syngene International Limited for the year ended 31 March 2020

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

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

Opinion

We have audited the internal financial controls with reference to Financial Statements of Syngene International Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
UDIN: 20060573AAAABG1141

Bengaluru
12 May 2020

Standalone Balance Sheet

as at 31 March 2020

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

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3 (a)	18,766	13,227
Capital work-in-progress	3 (a)	2,341	2,737
Right-of-use assets	3 (b)	864	-
Investment property	3 (c)	360	400
Intangible assets	4	207	141
Financial assets			
(i) Investments	5(a)	383	3
(ii) Derivative assets		257	677
(iii) Other financial assets	6(a)	146	208
Deferred tax assets (net)	7	1,227	915
Income tax assets (net)		760	629
Other non-current assets	8(a)	195	460
Total non-current assets		**25,506**	**19,397**
Current assets			
Inventories	9	252	434
Financial assets			
(i) Investments	5(b)	7,384	7,160
(ii) Trade receivables	10	3,982	3,387
(iii) Cash and cash equivalents	11(a)	1,918	1,637
(iv) Bank balances other than (iii) above	11(b)	885	2,717
(v) Derivative assets		191	699
(vi) Other financial assets	6(b)	686	930
Other current assets	8(b)	816	662
Total current assets		**16,114**	**17,626**
Total assets		**41,620**	**37,023**
Equity and Liabilities			
Equity			
Equity share capital	12 (a)	4,000	2,000
Other equity	12 (b)	17,741	17,672
Total Equity		**21,741**	**19,672**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13(a)	-	3,466
(ii) Lease liabilities		812	151
(iii) Derivative liabilities		1,378	296
Provisions	14(a)	409	374
Other non-current liabilities	15(a)	1,880	1,778
Total non-current liabilities		**4,479**	**6,065**
Current liabilities			
Financial liabilities			
(i) Borrowings	13(b)	3,089	1,907
(ii) Lease liabilities		61	9
(iii) Trade payables	16		
Total outstanding dues of micro and small enterprises		207	142
Total outstanding dues of creditors other than micro and small enterprises		2,021	2,093
(iv) Derivative liabilities		546	97
(v) Other financial liabilities	17	4,948	3,431
Provisions	14(b)	415	210
Income tax liabilities (net)		117	158
Other current liabilities	15(b)	3,996	3,239
Total current liabilities		**15,400**	**11,286**
Total equity and liabilities		**41,620**	**37,023**

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Standalone Statement of Profit and Loss

for the year ended 31 March 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	18	20,119	18,256
Other Income	19	816	751
Total income		**20,935**	**19,007**
Expenses			
Cost of chemicals, reagents and consumables consumed	20	5,186	5,053
Changes in inventories of finished goods and work-in-progress	21	8	260
Employee benefits expense	22	5,722	4,654
Finance costs	23	346	323
Depreciation and amortisation expense	24	2,193	1,642
Other expenses	25	3,180	2,914
Foreign exchange fluctuation (gain)/loss, net		(144)	19
Total expenses		**16,491**	**14,865**
Profit before tax and exceptional item		4,444	4,142
Exceptional item	35	713	-
Profit before tax		**5,157**	**4,142**
Tax expense	30		
Current tax		893	864
Deferred tax			
MAT credit entitlement		(381)	(44)
Other deferred tax		530	15
Total tax expense		**1,042**	**835**
Profit for the year		**4,115**	**3,307**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		23	(45)
Income tax effect		(5)	11
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(2,388)	(819)
Income tax effect		454	151
Other comprehensive income for the year, net of taxes		**(1,916)**	**(702)**
Total comprehensive income for the year		**2,199**	**2,605**
Earnings per equity share	38		
Basic (in Rs)		10.36	8.36
Diluted (in Rs)		10.33	8.34

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Standalone Statement of Cash Flows

for the year ended 31 March 2020

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

		31 March 2020	31 March 2019
I.	**Cash flows from operating activities**		
	Profit for the year	4,115	3,307
	Adjustments to reconcile profit to net cash flows		
	Depreciation and amortisation expense	2,193	1,642
	Loss on assets scrapped	14	-
	Exceptional item	(713)	-
	Provision for doubtful receivables	10	(11)
	Bad debts written off	1	10
	Share based compensation expense	181	88
	Interest expense	346	299
	Unrealised foreign exchange loss	45	13
	Net gain on sale of current investments	(28)	(44)
	Proceeds from insurance company	970	-
	Interest income	(787)	(707)
	Tax expenses	1,042	835
	Operating profit before working capital changes	**7,389**	**5,432**
	Movements in working capital		
	Decrease/ (increase) in inventories	182	426
	Decrease/ (increase) in trade receivables	(362)	(704)
	Decrease/ (increase) in other assets	(1,735)	(126)
	Increase/ (decrease) in trade payables, other liabilities and provisions	2,364	2,227
	Cash generated from operations	**7,838**	**7,255**
	Income taxes paid (net of refunds)	(1,064)	(957)
	Net cash flow generated from operating activities	**6,774**	**6,298**
II.	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(6,300)	(5,815)
	Purchase of intangible assets	(131)	(18)
	Purchase of investment property	-	(76)
	Investment in unsecured compulsorily convertible debentures	(100)	-
	Investment in bank deposits and inter corporate deposits	(12,892)	(12,987)
	Redemption/ maturity of bank deposits and inter corporate deposits	13,831	10,817
	Interest received	891	553
	Proceeds from sale of current investments	9,123	8,876
	Purchase of current investments	(8,706)	(7,815)
	Net cash flow used in investing activities	**(4,284)**	**(6,465)**

	31 March 2020	31 March 2019
III. Cash flows from financing activities		
Proceeds from exercise of share options	7	19
Repayment of long term borrowings	(2,677)	(1,291)
Proceeds/ (repayments) from short term borrowings, net	1,057	1,088
Dividend paid on equity shares including tax thereon	(241)	(241)
Payment of bonus share issue expenses	(12)	-
Repayment of lease liabilities (principal), net	(43)	-
Interest paid	(346)	(299)
Net cash flow used in financing activities	**(2,255)**	**(724)**
IV. Net increase/(decrease) in cash and cash equivalents (I+II+III)	**235**	**(891)**
V. Effect of exchange difference on cash and cash equivalents held in foreign currency	46	10
VI. Cash and cash equivalents at the beginning of the year	1,637	2,518
VI. Cash and cash equivalents at the end of the year (IV+V+VI)	**1,918**	**1,637**
Components of cash and cash equivalents as at the end of the year		
Cash on hand	- *	-
Balances with banks	1,912	1,637
Deposits with maturity of less than 3 months	6	-
Total cash and cash equivalents [refer note 11(a)]	**1,918**	**1,637**
Restricted cash balance [refer note 11 (ii)]	8	- *

* Less than Rs. 0.5 million.

Change in liability arising from financing activities

	1 April 2019	Cash Flow	Foreign exchange loss	31 March 2020
Borrowings (including current maturities)	7,973	(1,620)	503	6,856
	7,973	**(1,620)**	**503**	**6,856**

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Standalone Statement of Changes in Equity

for the year ended 31 March 2020

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

(A) Equity share capital	31 March 2020	31 March 2019
Opening balance	2,000	2,000
Issue of bonus shares [refer note 12(a)(vi)]	2,000	-
Closing balance	**4,000**	**2,000**

(B) Other equity [refer note 12(b)]

Particulars	Reserves and surplus						Items of other comprehensive income		Total other equity
	Securities premium	General reserve	Treasury shares	Retained earnings	Special Economic Zone (SEZ) reinvestment reserve	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	
Balance as at 1 April 2018	1,183	47	(69)	12,840	-	282	988	(70)	15,201
Profit for the year	-	-	-	3,307	-	-	-	-	3,307
Other comprehensive income, net of tax	-	-	-	-	-	-	(668)	(34)	(702)
Total comprehensive income for the year	**-**	**-**	**-**	**3,307**	**-**	**-**	**(668)**	**(34)**	**2,605**
Transactions recorded directly in equity									
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	90	-	23	(4)	-	(90)	-	-	19
Share based payment	-	-	-	-	-	88	-	-	88
Transfer to SEZ reinvestment reserve	-	-	-	(450)	450	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	450	(450)	-	-	-	-
Balance as at 31 March 2019	**1,273**	**47**	**(46)**	**15,902**	**-**	**280**	**320**	**(104)**	**17,672**
Profit for the year	-	-	-	4,115	-	-	-	-	4,115
Other comprehensive income, net of tax	-	-	-	-	-	-	(1,934)	18	(1,916)
Total comprehensive income for the year	**-**	**-**	**-**	**4,115**	**-**	**-**	**(1,934)**	**18**	**2,199**
Transactions recorded directly in equity									
Issue of fully paid up bonus shares	-	(47)	-	(1,953)	-	-	-	-	(2,000)
Expenses in relation to Issue of bonus shares	(12)	-	-	-	-	-	-	-	(12)
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	72	-	6	1	-	(72)	-	-	7
Share based payment	-	-	-	-	-	181	-	-	181
Impact on account of adoption of Ind AS-116 [refer note 34]	-	-	-	(65)	-	-	-	-	(65)
Transfer to SEZ reinvestment reserve	-	-	-	(1,500)	1,500	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	1,500	(1,500)	-	-	-	-
Balance as at 31 March 2020	**1,333**	**-**	**(40)**	**17,759**	**-**	**389**	**(1,614)**	**(86)**	**17,741**

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
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Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

1. Company Overview

1.1 Reporting entity

Syngene International Limited ("Syngene" or "the Company"), is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene's services include integrated drug discovery and development capabilities in medicinal chemistry, biology, in vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical development along with Clinical development services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2020. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 12 May 2020.

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

b) Functional and presentation currency

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

c) Basis of measurement

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

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

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 28 — Financial instruments;
- Note 2(b), 2 (c) and 2(d) — Useful lives of property, plant and equipment, investment property and intangible assets;
- Note 2(j) and 18 — Revenue Recognition: whether revenue from sale of compounds is recognised over time or at a point in time;
- Note 2(l), 30 and 31 — Provision for income taxes and related tax contingencies;
- Note 2(n) and 34 — Leases;
- Note 2(h) and 27 — measurement of defined benefit obligation; key actuarial assumptions; and
- Note 33 — Share based payments;

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 ended 31 March 2020 is included in the following notes:

— Note 2(g)(ii) – impairment of non-financial assets;

— Note 2(h) and 27 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 2(g)(i) and 28 – impairment of financial assets; and

— Note 14 and 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

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

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

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

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

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

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

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

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

— Note 2(a) and 28 – financial instruments;

— Note 2(c) and 3(b) – investment property; and

— Note 33 – share based payment arrangements.

2. Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

Trade receivables 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 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 or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

vii. Cash and cash equivalents

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

Cash dividend to equity holders

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

b. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of 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.

Exchange differences arising on long-term foreign currency monetary items initially recognised in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

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

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

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

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 leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and land under perpetual lease are not depreciated.

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25-30 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-14 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	Useful life or lease period whichever is lower	

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

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

iii. Reclassification to investment property

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

c. Investment property

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

Based on technical evaluation and consequent advice, the management believes a period of 3 to 25 years as representing the best estimate of the period over which investment property (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment property over a period of 3 to 25 years on a straight-line basis. The estimated useful life of assets in investment property are different from the indicative useful lives of relevant type of asset mentioned in Part C of Schedule II to the act as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years

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

d. Intangible assets

Internally generated: Research and Development:

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

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

Others

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

i. Subsequent expenditure

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

ii. Amortisation

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

— Computer software	5 years
— 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.

e. Business combination

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

f. Inventories

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

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

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

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

g. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109 'Financial Instruments', the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

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

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

ii. Impairment of non-financial assets

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

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

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

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

h. Employee benefits

i. Gratuity

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

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

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

ii. Provident Fund

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

iii. Compensated absences

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

iv. Share-based compensation

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

i. Provisions (other than for employee benefits)

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

Onerous contracts

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

j. Revenue from contracts with customers

i. Contract research and manufacturing services income

The Company derives revenues primarily from Contract research and manufacturing services. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of ‘time and materials’ contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts. Revenue from contracts are recorded net of allowances for estimated rebates and cash discounts, as per contractual terms.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

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

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

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

The Company collects Goods and Services Tax (GST) as applicable, on behalf of the Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

ii. Rental income

Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

iii. Contribution received from customers towards property, plant and equipment

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

iv. Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

v. Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

k. Government grants

The Company recognises Government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues.

l. Income taxes

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

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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

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

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

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

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

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

m. Borrowing cost

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

n. Leases

i. The company as lessee:

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

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

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

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

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

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

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

ii. The Company as a Lessor:

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

Transition

Effective 1 April 2019, the company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets at its carrying amount as if standard had been applied since the commencement date of the lease, but discounted at the company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2020 have not been retrospectively adjusted.

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. 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 1 April 2020.

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

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At 1 April 2018	597	2,892	12,227	100	295	33	172	16,316	1,554
Additions	106	455	4,332	22	97	-	-	5,012	6,195
Transfer to investment property [refer note (f)]	-	(34)	(384)	(1)	(3)	-	-	(422)	-
Disposals / other adjustments	-	-	-	-	-	(3)	-	(3)	(5,012)
At 31 March 2019	**703**	**3,313**	**16,175**	**121**	**389**	**30**	**172**	**20,903**	**2,737**
Additions	-	2,234	5,314	40	112	3	-	7,703	7,307
Reclassification to right-of-use assets on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	-	-	-	-	-	(172)	(172)	-
Disposals / other adjustments	-	-	(168)	-	-	(3)	-	(171)	(7,703)
At 31 March 2020	**703**	**5,547**	**21,321**	**161**	**501**	**30**	**-**	**28,263**	**2,341**
Accumulated depreciation									
At 1 April 2018	**-**	**559**	**5,412**	**57**	**147**	**10**	**10**	**6,195**	**-**
Depreciation for the year	-	127	1,322	24	44	9	17	1,543	-
Transfer to investment property	-	-	(59)	-	-	-	-	(59)	-
Disposals	-	-	-	-	-	(3)	-	(3)	-
At 31 March 2019	**-**	**686**	**6,675**	**81**	**191**	**16**	**27**	**7,676**	**-**
Depreciation for the year	-	147	1,768	29	56	8	-	2,008	-
Transfer to right-of-use asset on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	-	-	-	-	-	(27)	(27)	-
Disposals	-	-	(158)	-	-	(2)	-	(160)	-
At 31 March 2020	**-**	**833**	**8,285**	**110**	**247**	**22**	**-**	**9,497**	**-**
Net carrying amount									
At 31 March 2019	**703**	**2,627**	**9,500**	**40**	**198**	**14**	**145**	**13,227**	**2,737**
At 31 March 2020	**703**	**4,714**	**13,036**	**51**	**254**	**8**	**-**	**18,766**	**2,341**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross carrying amount - Rs. 661 (31 March 2019 - Rs. 661).

(b) Plant and equipment includes computers.

(c) Buildings with a gross carrying amount of Rs. 3,593 as at 31 March 2020 (as at 31 March 2019 - Rs. 3,154) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited, the holding Company.

(d) Foreign exchange loss of Rs. 667 [31 March 2019 - Rs. 289] on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset pursuant to option available on long-term foreign currency monetary items which were obtained before the beginning of the first Ind AS financial reporting period as per the previous GAAP (refer note 2(b)(i)).

(e) Additions to property, plant and equipment includes additions related to borrowing costs capitalised during the year amounting to Rs. Nil (31 March 2019 - Rs. 20).

(f) During the year ended 31 March 2019, a portion of facility was reclassified as investment property [refer note 3 (c)], as the company leased out the facility to a related party.

(g) During the year ended 31 March 2020, leasehold improvements was reclassified as right-of-use assets [refer note 3(b)] on account of adoption of Ind AS 116.

3 (b) Right-of-use assets

	Land	Buildings	Vehicles	Total
Gross carrying amount				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	172	-	172
Additions	65	696	39	800
At 31 March 2020	**65**	**868**	**39**	**972**
Accumulated depreciation				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(n)]	-	27	-	27
Amortisation for the year	20	58	3	81
At 31 March 2020	**20**	**85**	**3**	**108**
Net carrying amount				
At 31 March 2020	**45**	**783**	**36**	**864**

3 (c) Investment property

	Buildings [refer note (b)]	Furniture and fixtures	Office equipments	Plant and equipment	Total
Gross carrying amount					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	34	3	1	384	422
Additions	-	-	-	76	76
At 31 March 2019	**34**	**3**	**1**	**460**	**498**
Additions	-	-	-	-	-
At 31 March 2020	**34**	**3**	**1**	**460**	**498**
Accumulated depreciation					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	1	-	-	58	59
Depreciation for the year	1	1	-	37	39
At 31 March 2019	**2**	**1**	**-**	**95**	**98**
Depreciation for the year	1	1	-	38	40
At 31 March 2020	**3**	**2**	**-**	**133**	**138**
Net carrying amount					
At 31 March 2019	**32**	**2**	**1**	**365**	**400**
At 31 March 2020	**11**	**1**	**1**	**327**	**160**

Notes:

(a) During the year, the Company has recognised rental income of Rs. 225 (31 March 2019 - Rs. 221) in the statement of profit and loss for investment property. The fair value of investment property as at 31 March 2020 is Rs. 360 (31 March 2019 - Rs. 400).

(b) Investment property with a cost of Rs. 34 (31 March 2019 - Rs. 34) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

4. Intangible assets

	Computer software	Intellectual property right	Total
Gross carrying amount			
At 1 April 2018	171	120	291
Additions	18	-	18
Disposals	-	-	-
At 31 March 2019	**189**	**120**	**309**
Additions	130	-	130
Disposals	-	-	-
At 31 March 2020	**319**	**120**	**439**
Accumulated amortisation			
At 1 April 2018	70	38	108
Amortisation for the year	36	24	60
Disposals	-	-	-
At 31 March 2019	**106**	**62**	**168**
Amortisation for the year	40	24	64
Disposals	-	-	-
At 31 March 2020	**146**	**86**	**232**
Net carrying amount			
At 31 March 2019	**83**	**58**	**141**
At 31 March 2020	**173**	**34**	**207**

5. Investments

	31 March 2020	31 March 2019
(a) Non-current investments		
Unquoted equity instruments of wholly owned subsidiary at cost:		
500 (31 March 2019: 500) Equity shares of USD 100 each in Syngene USA Inc.,	3	3
Unquoted - In Others		
Investments carried at fair value through profit or loss	100	-
Immuneel Therapeutics Private Limited - 10,000,000 (31 March 2019: Nil) 0.01% unsecured compulsorily convertible debentures, par value Rs.10 each fully paid up [refer note(i) below]		
Investments carried at amortized cost		
Inter corporate deposits with financial institutions *	280	-
	383	**3**
Aggregate value of unquoted investments	383	3

Notes:

(i) Terms of conversion: 4,950 unsecured compulsorily convertible debentures of face value Rs. 10/- each will convert to 1 equity share of Rs. 49,500/- (Face value of Rs. 10/- and premium of Rs. 49,490) at end of the tenure of 12 months.

* Inter corporate deposits with financial institutions yield fixed interest rate.

	31 March 2020	31 March 2019
(b) Current investments		
Investments In mutual funds (quoted) (Non trade)		
Aditya Birla Sun Life Liquid Fund - 156,619 (31 March 2019: 567,252) units of Rs. 319 (31 March 2019: Rs. 300) each	50	170
DSP Liquidity Fund - Nil (31 March 2019: 20,604) units of Rs. Nil (31 March 2019: Rs.2,672) each	-	55
HDFC Liquid Fund - Nil (31 March 2019: 14,975) units of Rs. Nil (31 March 2019: Rs.3,676) each	-	55
ICICI Prudential Liquid Fund - Nil (31 March 2019: 271,979) units of Rs. Nil (31 March 2019: Rs. 276) each	-	75
Invesco India Liquid Fund - Nil (31 March 2019: 21,407) units of Rs. Nil (31 March 2019: Rs. 2,571) each	-	55
SBI Liquid Fund - Nil (31 March 2019: 18,812) units of Rs. Nil (31 March 2019: Rs. 2,927) each	-	55
Tata Liquid Fund - Nil (31 March 2019: 13,602) units of Rs. Nil (31 March 2019: Rs. 2,943) each	-	40
UTI Liquid Fund Cash Plan - Nil (31 March 2019: 17,998) units of Rs. Nil (31 March 2019: Rs. 3,060) each	-	55
Nippon India Overnight Fund - 1,126,048 (31 March 2019: Nil) units of Rs. 107 (31 March 2019: Rs. Nil) each	121	-
	171	**560**
Unquoted - In Others		
Inter corporate deposits with financial institutions *	7,213	6,600
	7,384	**7,160**
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate value of quoted investments	171	560
Aggregate value of unquoted investments	7,213	6,600

6. Other financial assets

	31 March 2020	31 March 2019
(a) Non-current		
Security deposits	146	208
	146	**208**
(b) Current		
Recoverable from insurance company (refer note 35)	-	240
Other receivables (refer note 26)	53	207
Interest accrued but not due	124	228
Unbilled revenues	509	255
	686	**930**

7. Deferred tax assets (net) (refer note 30(b))

	31 March 2020	31 March 2019
Deferred tax asset		
MAT credit entitlement	1,506	1,125
Employee benefit obligations	130	99
Derivatives, net	420	-
Others	27	22
	2,083	**1,246**
Deferred tax liability		
Derivatives, net	-	34
Property, plant and equipment, investment property and intangible assets, net	856	297
	856	**331**
Deferred tax assets (net)	**1,227**	**915**

8. Other assets

	31 March 2020	31 March 2019
(a) Non-current		
Capital advances	117	327
Balances with statutory / government authorities	55	55
Prepayments	23	78
	195	**460**
(b) Current		
Advances other than capital advances	47	34
Export incentive receivables	432	409
Balances with statutory / government authorities	131	5
Prepayments	206	214
	816	**662**

9. Inventories

	31 March 2020	31 March 2019
Chemicals, reagents and consumables *	202	376
Work-in-progress	33	51
Finished goods	17	7
	252	**434**

* includes goods in-transit Rs. 30 (31 March 2019 - Rs. 11)

10. Trade Receivables

	31 March 2020	31 March 2019
Unsecured		
Considered good (refer note 26)	3,982	3,387
Considered doubtful	62	53
	4,044	**3,440**
Allowance for credit losses	(62)	(53)
	3,982	3,387
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.	-	1

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

11. Cash and bank balances

	31 March 2020	31 March 2019
(a) Cash and cash equivalents		
Cash on hand	- *	- *
Balances with banks (on current accounts)	1,912	1,637
Deposits with original maturity of less than 3 months	6	-
	1,918	**1,637**
(b) Bank balances other than above		
Deposits with maturity of less than 12 months	885	2,717
Total cash and bank balances	**2,803**	**4,354**

* Less than Rs. 0.5 million.

(i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

(ii) Cash and cash equivalents includes restricted cash and bank balances of Rs. 8 (31 March 2019: Rs. Nil). The restrictions are primarily on account of bank balances held under Employee Welfare Trust.

12(a). Equity share capital

	31 March 2020	31 March 2019
Authorised		
500,000,000 (31 March 2019: 250,000,000) equity shares of Rs 10 each (31 March 2019: Rs 10 each)	5,000	2,500
Issued, subscribed and fully paid-up		
400,000,000 (31 March 2019: 200,000,000) equity shares of Rs 10 each (31 March 2019: Rs 10 each)	4,000	2,000
	4,000	**2,000**

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

	31 March 2020		31 March 2019	
	No.	**Rs.**	**No.**	**Rs.**
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issue of bonus shares during the year [refer note (vi) below]	200,000,000	2,000	-	-
At the end of the year	**400,000,000**	**4,000**	**200,000,000**	**2,000**

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(iii) Details of shares held by holding company and their subsidiaries

	31 March 2020		31 March 2019	
	No.	**% holding**	**No.**	**% holding**
Equity shares of Rs. 10 each fully paid				
Biocon Limited (holding company) [refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

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

	31 March 2020		31 March 2019	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited [refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

(v) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2020	31 March 2019
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid bonus shares by capitalization of general reserve and surplus in statement of profit and loss [refer note (vi) below]	200,000,000	-
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	5,254,576	4,641,999

The Company issued fully paid bonus shares of 171,931,136 (Face value: Rs. 10 per share) in ratio of 1:6.1253329 on 27 March 2015 by capitalisation of securities premium pursuant to the approval of the shareholders of the Company at the EGM held on 16 March 2015.

@ Syngene Employee Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option 2011. The consideration other than excise price was received in form of employee services. Equity shares allotted for the year ended 31 March 2020 is adjusted for the event of increase as a result of bonus issue.

(vi) Issue of bonus shares:

The shareholders approved through postal ballet on 13 July 2019, the issue of fully paid up bonus shares of face value of Rs. 10/- each in the ratio of 1:1 by capitalisation of general reserves and surplus in statement of profit and loss.

(vii) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 33.

12(b). Other equity

Securities premium

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

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. It is utilised in accordance with the provisions of the Companies Act, 2013.

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends / issue of bonus shares to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 33 for further details on these plans.

Treasury shares

The amount represents cost of own equity instruments that are acquired [treasury shares] by the ESOP trust and is disclosed as a deduction from other equity.

Cash flow hedging reserves

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

Special Economic Zone (SEZ) reinvestment reserve

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

13. Borrowings

	31 March 2020	31 March 2019
(a) Non-current borrowings		
Term loans from banks		
External commercial borrowings(secured) [refer note (i) below]	3,767	6,066
	3,767	**6,066**
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	-	**3,466**
(b) Current borrowings		
Term loans from banks		
Pre shipment credit(unsecured) [refer note (ii) below]	3,089	1,907
	3,089	**1,907**
The above amount includes		
Secured borrowings	3,767	6,066
Unsecured borrowings	3,089	1,907
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	3,089	**5,373**

Notes:

(i) (a) The Company entered into External Commercial Borrowing agreement dated 30 March 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of the Company.

(b) 'Facility A' of USD 50 million carries an interest rate of Libor + 1.04% and is repaid in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020 in line with the agreement ; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.

(c) The facilities provided are secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company.

(ii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 3,089 (USD 41 million) [31 March 2019 : Rs. 1,907 (USD 27.5 million)] that carries interest rate of Libor + 0.35% to + 0.60% [31 March 2019 : Libor + 0.60% to + 1.08%]. The loans are repayable after the end of 3 to 6 months from the date of its origination.

(iii) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 28.

14. Provisions

	31 March 2020	31 March 2019
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	409	374
	409	**374**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	42	33
Compensated absences	373	177
	415	**210**

15. Other liabilities

	31 March 2020	31 March 2019
(a) Non-current		
Deferred rent liability	-	24
Deferred revenues	1,880	1,754
	1,880	**1,778**
(b) Current		
Advances from customers	3,095	2,676
Deferred revenues	306	209
Others		
- Statutory dues	124	101
- Other dues	471	253
	3,996	**3,239**

16. Trade payables

	31 March 2020	31 March 2019
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	207	142
Total outstanding dues of creditors other than micro and small enterprises	2,021	2,093
	2,228	**2,235**
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act'')		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	207	142
- Interest due on above	1	- *
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	629	243
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	6	4
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	17	11

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

* Less than Rs. 0.5 million.

(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

17. Other financial liabilities

	31 March 2020	31 March 2019
Current		
Current maturities of long term borrowings with Banks (refer note 13(a))	3,767	2,600
Payable for capital goods	1,155	734
Book overdraft	26	97
	4,948	**3,431**

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

18. Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of services		
Contract research and manufacturing services income	18,797	17,156
Other operating revenues		
Scrap sales	27	28
Export incentives	654	548
Others [refer note (a) below]	641	524
	20,119	**18,256**

Note:

(a) Others include income from support services, rentals by the SEZ Developer and release from deferred revenue for assets funded by customers over the useful life

18.1 Disaggregated revenue information

Set out below is the disaggregation of revenue:

	Year ended 31 March 2020	Year ended 31 March 2019
Revenues from Contract research and manufacturing services income by geography		
India	714	1,047
United States of America	14,383	12,576
Rest of the world	3,700	3,533
	18,797	**17,156**
Revenue from other sources		
Other operating revenues	1,322	1,100
	1,322	**1,100**
Total revenue from operations	**20,119**	**18,256**

Geographical revenue is allocated based on the location of the customers.

18.2 Contract balances

	Year ended 31 March 2020	Year ended 31 March 2019
Trade receivables [refer note (i) below]	3,982	3,387
Contract assets [refer note (ii) below]	-	-
Contract liabilities [refer note (iii) below]	5,281	4,639

Notes:

(i) Trade receivables are non-interest bearing.
(ii) The Company does not have contract assets as at 31 March 2020 and 31 March 2019.
(iii) Contract liabilities include advances from customers and deferred revenues.

18.3 Changes in Contract liabilities - advances from customers and deferred revenues

	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	**4,639**	**3,054**
Add: Increase due to invoicing during the year	4,247	5,160
Less: Revenue recognised from advances from customers at the beginning of the year	(2,613)	(2,316)
Less: Amounts recognised as revenue during the year	(992)	(1,259)
Balance at the end of the year	**5,281**	**4,639**
Expected revenue recognition from remaining performance obligations:		
- Within one year	3,401	2,885
- More than one year	1,880	1,754
	5,281	**4,639**

18.4 Performance obligation:

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

19. Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on:		
Deposits with banks and financial institutions	782	703
Lease deposits	5	4
Net gain on sale of current investments	28	44
Other non-operating income	1	-
	816	**751**

20. Cost of chemicals, reagents and consumables consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the year	376	542
Add : Purchases	5,012	4,887
Less: Inventory at the end of the year	(202)	(376)
	5,186	**5,053**

21. Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the beginning of the year		
Work-in-progress	51	235
Finished goods	7	83
	58	**318**
Inventories at the end of the year		
Work-in-progress	33	51
Finished goods	17	7
	50	**58**
	8	**260**

22. Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	4,980	4,093
Contribution to provident fund and other funds	218	184
Gratuity expenses (refer note 27)	91	58
Share based compensation expense (refer note 33)	181	93
Staff welfare expenses	252	226
	5,722	**4,654**

23. Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense [refer note (i) below]	346	323
	346	**323**

Note:

(i) Interest expense includes exchange difference to the extent considered as an adjustment to borrowing cost of Rs. 3 (31 March 2019 : Rs.24).

24. Depreciation and amortisation expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment [refer note 3 (a)]	2,008	1,543
Amortisation of right-of-use assets [refer note 3 (b)]	81	-
Depreciation of investment property [refer note 3 (c)]	40	39
Amortisation of intangible assets [refer note 4]	64	60
	2,193	**1,642**

25. Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	-	105
Communication expenses	15	23
Travelling and conveyance	339	272
Professional charges	535	428
Payments to auditors [refer note (a) below]	6	5
Directors' fees including commission	23	19
Power and fuel	458	413
Facility charges	111	124
Insurance	158	170
Rates and taxes	94	177
Repairs and maintenance		
Plant and machinery	619	532
Buildings	151	78
Others	267	247
Selling expenses		
Freight outwards and clearing charges	19	3
Sales promotion expenses	90	66
Commission	2	8
Provision for doubtful receivables	10	(1)
Bad debts written off	1	10
Less: Provision no longer required written back	(1)	(10)
Printing and stationery	47	41
Clinical trial expenses	78	96
Contributions towards CSR (refer note 37)	74	63
Miscellaneous expenses	84	45
	3,180	**2,914**
(a) Payments to auditors:		
As an auditor:		
Statutory audit	3	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	6	**5**

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

26. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below :

List of Related parties

Particulars	Nature of relationship
A. Key management personnel	
Kiran Mazumdar Shaw	Chairperson (w.e.f. 1 April 2020)
Kiran Mazumdar Shaw	Chairperson and Managing Director (till 31 March 2020)
John Shaw	Non-executive director
Jonathan Hunt	Managing Director and Chief Executive Officer (w.e.f. 1 April 2020)
Jonathan Hunt	Director and Chief Executive Officer (till 31 March 2020)
Catherine Rosenberg	Non-executive director
Russell Walls	Independent director (till 24 July 2019)
Bala S. Manian	Independent director
Paul Blackburn	Independent director
Suresh Talwar	Independent director (till 24 July 2019)
Vijay Kuchroo	Independent director
Vinita Bali	Independent director
Sharmila Abhay Karve	Independent director (w.e.f. 1 August 2019)
Carl Decicco	Independent director (w.e.f. 1 October 2019)
M.B. Chinappa	Chief Financial officer (till 17 December 2019)
Sibaji Biswas	Chief Financial officer (w.e.f. 18 December 2019)
Mayank Verma	Company Secretary (till 24 May 2019)
Priyadarshini Mahapatra	Company Secretary (w.e.f. 24 July 2019)
B. Holding company	
Biocon Limited	Holding Company
C. Subsidiary	
Syngene USA Inc.,	Wholly-owned subsidiary
D. Fellow subsidiaries	
Biocon Sdn. Bhd., Malaysia	Fellow subsidiary
Biocon Pharma Limited	Fellow subsidiary
Biocon Research Limited	Fellow subsidiary
Biocon SA, Switzerland	Fellow subsidiary
Biocon Biologics Limited, UK	Fellow subsidiary
Biocon Pharma Inc, USA	Fellow subsidiary
Biocon FZ LLC, UAE	Fellow subsidiary
Biocon Biologics India Limited	Fellow subsidiary
Biocon Healthcare Sdn. Bhd, Malaysia	Fellow subsidiary
Biocon Academy	Fellow subsidiary
Bicara Therapeutics Inc	Fellow subsidiary
Biocon Pharma UK Limited	Fellow subsidiary
Biocon Pharma Ireland Limited	Fellow subsidiary
Biocon Biosphere Limited	Fellow subsidiary
Biocon Biologics Inc	Fellow subsidiary
E. Other related parties	
Biocon Foundation	Trust in which a director is a trustee
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
Jeeves	Enterprise in which relative to a director of the Company is proprietor
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors

The Company has the following related parties transactions

Particulars	Transactions / Balances	31 March 2020	31 March 2019
Key management personnel	Salary and perquisites [refer note (i) & (ii) below]	115	79
	Sitting fees and commission [refer note (ii) below]	23	19
	Outstanding as at the year end		
	- Trade and other payables	5	7
Holding company	Rent	63	54
	Power and facility charges [refer note (iv) below]	360	566
	Purchase of goods	2	9
	Other expenses reimbursed	79	69
	Purchase of assets	31	282
	Sale of services	80	364
	Final dividend paid	140	141
	Rent and facility services	-	248
	Purchase of property, plant and equipment	-	67
	Outstanding as at the year end		
	- Trade and other payables	217	499
	- Rent deposits	23	23
	- Trade and other receivables	34	404
	Guarantee given to Central Excise Department	148	148
Wholly-owned subsidiary	Business support services received	104	101
	Outstanding as at the year end		
	- Trade payables	33	3
Fellow subsidiaries	Sale of services	392	165
	Rent and facility services	233	-
	Purchase of assets	56	-
	Training services	-	2
	Purchase of goods	- *	-
	Outstanding as at the year end		
	- Trade and other payables	51	- *
	- Trade and other receivables	328	146
Other related parties	Sale of services	1	1
	Health services availed	4	8
	Contribution towards CSR	74	63
	Staff welfare expenses	4	4
	Investment in compulsorily convertible debentures	100	-
	Outstanding as at the year end		
	- Trade and other payables	-	1
	- Trade and other receivables	-	1

* Less than Rs. 0.5 million.

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Company as a whole.

(ii) Share based compensation expense allocable to key management personnel is Rs. 80 (31 March 2019 - Rs. 42), which is not included in the remuneration disclosed above.

(iii) Pursuant to approval by the Board of Directors of the Company, the Non-executive non-independent directors of the Company have been entitled to receive remuneration by way of commission effective from quarter ended 31 March 2019.

(iv) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs. 115 (Year ended 31 March 2019 - Rs. 144) and power charges (including other charges) of Rs. 245 (Year ended 31 March 2019 - Rs. 422) have been charged by Biocon Limited for the year ended 31 March 2020.

(v) Fellow subsidiary companies with whom the Company did not have any transactions -

Biocon SA, Switzerland - subsidiary of Biocon Limited
Biocon Pharma Inc, USA - subsidiary of Biocon Limited
Biocon FZ LLC, UAE - subsidiary of Biocon Limited
Biocon Healthcare Sdn. Bhd, Malaysia - subsidiary of Biocon Limited
Biocon Pharma UK Limited - subsidiary of Biocon Limited
Biocon Pharma Ireland Limited - subsidiary of Biocon Limited
Biocon Biosphere Limited - subsidiary of Biocon Limited
Biocon Biologics Inc - subsidiary of Biocon Limited

(vi) The above disclosures include related parties as per IND-As 24 on "Related Party Disclosures" and Companies Act, 2013.

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

27. Employee benefit plans

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

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

Particulars	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2019	**410**	**(3)**	**407**
Current service cost	65	-	65
Interest cost	26	-	26
Amount recognised in Statement of profit and loss	**91**	**-**	**91**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	- *
Actuarial (gain) / loss arising from:			
Demographic assumptions	(8)	-	(8)
Financial assumptions	(6)	-	(6)
Experience adjustment	(9)	-	(9)
Amount recognised in other comprehensive income	**(23)**	**-**	**(23)**
Benefits paid	(24)	-	(24)
Balance as at 31 March 2020	454	(3)	451

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2018	**323**	**(3)**	**320**
Current service cost	34	-	34
Interest cost	24	-	24
Amount recognised in Statement of profit and loss	**58**	**-**	**58**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	- *
Actuarial (gain) / loss arising from:			
Demographic assumptions	(4)	-	(4)
Financial assumptions	30	-	30
Experience adjustment	19	-	19
Amount recognised in other comprehensive income	**45**	**-**	**45**
Benefits paid	(16)	-	(16)
Balance as at 31 March 2019	**410**	**(3)**	**407**

* Less than Rs. 0.5 million.

	31 March 2020	31 March 2019
Non current	409	374
Current	42	33
	451	**407**

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

	31 March 2020	31 March 2019
Interest rate	6.4%	7.2%
Discount rate	6.4%	7.2%
Expected return on plan assets	6.4%	7.2%
Salary increase	9.0%	10.0%
Attrition rate (based on Age of the Employee)	6% - 16%	5% - 15%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 9 years (31 March 2019 - 9 years).

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

(iii) Sensitivity analysis

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

Particulars	31 March 2020		31 March 2019	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(30)	34	(29)	33
Salary increase	33	(29)	32	(29)
Attrition rate	(7)	8	(7)	8

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

As of 31 March 2020 and 31 March 2019, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending 31 March 2020, is approximately Rs 42 (31 March 2019 - Rs 34).

Maturity profile of defined benefit obligation

Particulars	31 March 2020	31 March 2019
1st Following year	42	34
2nd Following year	40	33
3rd Following year	40	34
4th Following year	42	35
5th Following year	43	35
Years 6 to 10	182	170
Years 11 and above	400	467

28. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

31 March 2020	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	100	-	283	383	-	-	100	100
Derivative assets (non-current)	-	257	-	257	-	257	-	257
Other financial assets (non-current)	-	-	146	146	-	-	-	-
Investments (current)	171	-	7,213	7,384	171	-	-	171
Trade receivables	-	-	3,982	3,982	-	-	-	-
Cash and cash equivalents	-	-	1,918	1,918	-	-	-	-
Bank balances other than above	-	-	885	885	-	-	-	-
Derivative assets (current)	-	191	-	191	-	191	-	191
Other financial assets (current)	-	-	686	686	-	-	-	-
	271	**448**	**15,113**	**15832**	**171**	**448**	**100**	**719**
Financial liabilities								
Lease liabilities (non-current)	-	-	812	812	-	-	-	-
Derivative liabilities (non-current)	-	1,378	-	1,378	-	1,378	-	1,378
Borrowings (current)	-	-	3,089	3,089	-	-	-	-
Lease liabilities (current)	-	-	61	61	-	-	-	-
Trade payables	-	-	2,228	2,228	-	-	-	-
Derivative liabilities (current)	-	546	-	546	-	546	-	546
Other financial liabilities (current)	-	-	4,948	4,948	-	-	-	-
	-	**1,924**	**11,138**	**13,062**	**-**	**1,924**	**-**	**1,924**

31 March 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	-	-	3	3	-	-	-	-
Derivative assets (non-current)	-	677	-	677	-	677	-	677
Other financial assets (non-current)	-	-	208	208	-	-	-	-
Investments (current)	560	-	6,600	7,160	560	-	-	560
Trade receivables	-	-	3,387	3,387	-	-	-	-
Cash and cash equivalents	-	-	1,637	1,637	-	-	-	-
Bank balances other than above	-	-	2,717	2,717	-	-	-	-
Derivative assets (current)	-	699	-	699	-	699	-	699
Other financial assets (current)	-	-	930	930	-	-	-	-
	560	**1,376**	**15,482**	**17,418**	**560**	**1,376**	**-**	**1,936**
Financial liabilities								
Borrowings (non-current)	-	-	3,466	3,466	-	-	-	-
Lease liabilities (non-current)	-	-	151	151	-	-	-	-
Derivative liabilities (non-current)	-	296	-	296	-	296	-	296
Borrowings (current)	-	-	1,907	1,907	-	-	-	-
Lease liabilities (current)	-	-	9	9	-	-	-	-
Trade payables	-	-	2,235	2,235	-	-	-	-
Derivative liabilities (current)	-	97	-	97	-	97	-	97
Other financial liabilities (current)	-	-	3,431	3,431	-	-	-	-
	-	**393**	**11,199**	**11,592**	**-**	**393**	**-**	**393**

Includes equity instruments of wholly owned subsidiary at cost aggregating to Rs. 3 million. The Level 3 investment was made close to the year end and the cost of the investment approximates the fair value.

Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

For the fair values of forward/option 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	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Movement in spot rate of the foreign currency				
INR/USD - Increase by 1%	-	-	(350)	(406)
INR/USD - Decrease by 1%	-	-	350	372
Movement in Interest rates	-	-		
LIBOR - Increase by 100 bps	-	-	(34)	(176)
LIBOR - Decrease by 100 bps	-	-	34	176

B. Financial risk management

The Company's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

(i) Risk management framework

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

(ii) Credit risk

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

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 4,491 (31 March 2019: Rs 3,642). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2020	31 March 2019
Opening balance	53	64
Impairment loss recognised	9	(11)
Closing balance	**62**	**53**

Receivable from one customer as at 31 March 2019 of the Company's receivables is Rs. 397 which is more than 10 percent of the Company's total receivables. There is no receivable from any customer as at 31 March 2020 that is more than 10 percent of the Company's total receivables.

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

(iii) Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Lease liabilities (non-current)	-	146	342	968	1,456
Borrowings (current)	6,856	-	-	-	6,856
Lease liabilities (current)	138	-	-	-	138
Trade payables	2,228	-	-	-	2,228
Derivative liabilities (non-current)	-	504	874	-	1,378
Derivative liabilities (current)	546	-	-	-	546
Other financial liabilities	1,181	-	-	-	1,181
Total	**10,949**	**650**	**1,216**	**968**	**13,783**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings (non-current)	2,609	3,466	-	-	6,075
Lease liabilities (non-current)	-	57	188	250	495
Borrowings (current)	1,907	-	-	-	1,907
Lease liabilities (current)	54	-	-	-	54
Trade payables	2,235	-	-	-	2,235
Derivative liabilities (non-current)	-	57	108	131	296
Derivative liabilities (current)	97	-	-	-	97
Other financial liabilities	822	-	-	-	822
Total	**7,724**	**3,580**	**296**	**381**	**11,981**

(iv) Market risk

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

Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

31 March 2020	USD	EUR	Others	Total
Financial assets				
Trade receivables	3,421	16	-	3,437
Cash and cash equivalents	1,748	6	2	1,756
Other financial assets (current)	540	19	-	559
Financial liabilities				
Borrowings (current)	(3,089)	-	-	(3,089)
Trade payables	(266)	(36)	(16)	(318)
Other financial liabilities (current)	(3,936)	(54)	(20)	(4,010)
Net assets / (liabilities)	**(1,582)**	**(49)**	**(34)**	**(1,665)**

31 March 2019	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,768	53	-	2,821
Cash and cash equivalents	812	98	-	910
Other financial assets (current)	344	28	-	372
Financial liabilities				
Borrowings (non-current)	(3,466)	-	-	(3,466)
Borrowings (current)	(1,907)	-	-	(1,907)
Trade payables	(302)	(37)	(10)	(349)
Other financial liabilities (current)	(2,802)	(19)	(8)	(2,829)
Net assets / (liabilities)	**(4,553)**	**123**	**(18)**	**(4,448)**

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD Sensitivity				
INR/USD - Increase by 1%	(17)	(46)	(367)	(452)
INR/USD - Decrease by 1%	15	46	365	418
EUR Sensitivity				
INR/EUR - Increase by 1%	1	1	1	1
INR/EUR - Decrease by 1%	(1)	(1)	(1)	(1)

Derivative financial instruments

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

Particulars	31 March 2020	31 March 2019
Foreign exchange forward contracts to buy	USD 402 (Rs. 30,298)	USD 436 (Rs. 30,256)
European style option contracts with periodical maturity dates	USD 155 (Rs. 11,654)	USD 150 (Rs. 10,370)
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings	USD 50 (Rs. 3,767)	USD 75 (Rs. 5,199)

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended 31 March 2020 and 31 March 2019 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	31 March 2020	31 March 2019
Variable rate borrowings	1,092	2,773
Fixed rate borrowings	5,764	5,360
Total borrowings	**6,856**	**8,133**

(b) Sensitivity

Fixed rate borrowings:

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

Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs. 11 (31 March 2019 - Rs. 28).

29. Capital management

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

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

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

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

Particulars	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Company	21,741	19,672
As a percentage of total capital	76%	71%
Long-term borrowings (including current maturities)	3,767	6,226
Short-term borrowings	3,089	1,907
Total borrowings	**6,856**	**8,133**
As a percentage of total capital	24%	29%
Total capital (Equity and Borrowings)	**28,597**	**27,805**

30. Tax expense

Particulars	31 March 2020	31 March 2019
(a) Amount recognised in Statement of profit and loss		
Current tax	893	864
Deferred tax:		
MAT credit entitlement	(381)	(44)
Others related to:		
Origination and reversal of other temporary differences	530	15
Tax expense for the year	**1,042**	**835**
Reconciliation of effective tax rate		
Profit before tax and exceptional item	4,444	4,142
Add: Exceptional item	713	-
Profit before tax	5,157	4,142
Tax at statutory income tax rate 34.94% (31 March 2019 - 34.94%)	1,802	1,447
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Tax incentive and other deductions	(921)	(540)
Non-deductible expense	89	54
Basis difference that will reverse during the tax holiday period	(123)	(174)
Others	195	48
Income tax expense	**1,042**	**835**

(b) Recognised deferred tax assets and liabilities

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

For the year ended 31 March 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
MAT credit entitlement	1,125	381	-	-	1,506
Defined benefit obligations	99	36	(5)	-	130
Derivatives, net	-	-	420	-	420
Others	22	(7)	-	12	27
Gross deferred tax assets	**1,246**	**410**	**415**	**12**	**2,083**
Deferred tax liability					
Derivatives, net	34	-	(34)	-	-
Property, plant and equipment, investment property and intangible assets, net	297	559	-	-	856
Gross deferred tax liability	**331**	**559**	**(34)**	**-**	**856**
Deferred tax assets / (liabilities), net	**915**	**(149)**	**449**	**12**	**1,227**

For the year ended 31 March 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
MAT credit entitlement	1,081	44	-	-	1,125
Defined benefit obligations	76	12	11	-	99
Others	27	(5)	-	-	22
Gross deferred tax assets	**1,184**	**51**	**11**	**-**	**1,246**
Deferred tax liability					
Derivatives, net	185	-	(151)	-	34
Property, plant and equipment, investment property and intangible assets, net	256	41	-	-	297
Others	19	(19)	-	-	-
Gross deferred tax liability	**460**	**22**	**(151)**	**-**	**331**
Deferred tax assets / (liabilities), net	**724**	**29**	**162**	**-**	**915**

31. Contingent liabilities and commitments

(to the extent not provided for)

	31 March 2020	31 March 2019
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	4,245	3,357
The above includes:		
(I) Income tax matters relating to financial year 2002 -03 to 2016 - 17 (31 March 2019 : financial year 2002 - 03 to 2015 - 16)	4,221	3,330
(II) Indirect tax matters	24	27
(III) In light of recent judgment of Honourable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence It is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.		
Including the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters. Management is of the view that above matters will not have any material adverse effect on the Company's financial position and results of operations.		
(b) Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
The necessary terms and conditions have been complied with and no liabilities have arisen.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2,213	3,732

32. Segmental Information

Operating segments

The Company is engaged in a single operating segment of providing contract research and manufacturing services. Accordingly, there are no additional disclosures to be provided Ind AS 108 'Operating Segments' other than those already provided in the financial statements.

Geographical information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers and assets which have been based on the geographical location of the assets.

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations:		
India	1,643	1,843
United States of America	14,776	12,880
Rest of the World	3,700	3,533
Total	**20,119**	**18,256**
The following is the carrying amount of non current assets by geographical area in which the assets are located:	24	27
Carrying amount of non-current assets	**31 March 2020**	**31 March 2019**
India	23,492	17,594
Outside India	-	-
Total	**23,492**	**17,594**

Note: Non-current assets excludes financial assets and deferred tax assets.

Major customer

Revenue from two customers (31 March 2019 - two customer) of the Company's Revenue from operations aggregates to Rs. 6,482 (31 March 2019 - Rs.6,293) which is more than 10 percent of the Company's total revenue.

33. Share based compensation

Syngene ESOP Plan 2011

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company and administrated by the Nomination and Remuneration Committee. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed into the equity shares of the Company using the proceeds from interest free loan of Rs. 150 million obtained from the Company.

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 11.25 # [31 March 2019 : Rs. 22.5] per share (Face Value of Rs. 10 per share). The cost for the year has been accounted in the statement of profit and loss is Rs. 181 million [31 March 2019 : Rs. 93 million].

Details of Grant

Particulars	31 March 2020 No. of options #	31 March 2019 No. of options
Outstanding at the beginning of the year	2,693,576	2,235,222
Granted during the year	711,613	191,668
Forfeited during the year	(103,038)	(52,139)
Exercised during the year	(612,577)	(1,027,963)
Outstanding at the end of the year	2,689,574	1,346,788
Exercisable at the end of the year	695,090	360,102
Weighted average exercise price	11.25	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	312.6	556.5
Weighted average share price at the date of exercise (In Rs)	295.8	578.7

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2020 is 1.63 years [31 March 2019 - 1.85 years].

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	31 March 2020 #	31 March 2019
Dividend yield (%)	0.2%	0.2%
Exercise Price (In Rs)	11.25	22.5
Volatility	27.3%	30.5%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.0%	7.9%

The number of equity shares outstanding for the previous year is adjusted for the event of increase as a result of bonus issue.

Syngene Restricted Stock Unit Long Term Incentive Plan 2020

The Board of Directors of the Company on 24 April 2019 and the Shareholders of the Company in the Annual General Meeting held on 24 July 2019 approved the Syngene Restricted Stock Unit Long Term Incentive Plan 2020. Each option entitles for one equity share. The options under this grant will vest to the employees as 20%, 20%, 30% and 30% of the total grant at the end of first, second, third and fourth year from the date of first grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 10 per share (Face Value of Rs. 10 per share). No stock options were granted during the year ended 31 March 2020 under this plan.

34. Leases

The Company has entered into lease agreements for use of land, buildings, plant and equipment and vehicles which expires over a period ranging upto the year of 2039. Gross payments for the year aggregate to Rs. 109.

Effective 1 April 2019, the company adopted Ind AS 116 "Leases" on all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-use assets (ROU) of Rs. 350 million and a lease liability of Rs. 381 million. The cumulative effect of applying the standard resulted in Rs. 65 million being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit before tax, profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the movement in lease liabilities during the year ended 31 March 2020:

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	-	160	-	160
Additions on account of adoption of Ind AS 116	122	227	32	381
Additions during the year	-	366	9	375
Finance cost accrued during the period	10	53	3	66
Deletions	-	-	-	-
Payment of lease liabilities	(42)	(57)	(10)	(109)
Balance at the end	**90**	**749**	**34**	**873**

The following is the break-up of current and non-current lease liabilities as at 31 March 2020:

Current	61
Non-current	812
Total	**873**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Less than one year	138
One to five years	488
More than five years	968
Total	**1,594**

The following are the amounts recognised in the statement of profit or loss for the year ended 31 March 2020:

Depreciation expenses on right of use-assets	81
Interest expenses on lease liabilities	66
Total	**147**

35. Exceptional item

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company has recorded a loss of Rs. 1,057 million arising from such incident till 31 March 2020. The Company has received the disbursements of Rs. 1,770 million (31 March 2019: Rs. 815) from the insurance company against the loss till 31 March 2020. The aforementioned receivable and the disbursements from the insurance claim has been presented on a net basis as Rs. 713 million under Exceptional items in these standalone financial statements. Consequential tax of Rs. 254 million is included within tax expense in these standalone financial statements.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

36. Impact of COVID-19

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

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

37. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	31 March 2020	31 March 2019
(a) Amount required to be spent by the Company during the year	74	63
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	74	63

38. Earnings per equity share (EPS)

	31 March 2020	31 March 2019
Earnings		
Profit for the year	4,115	3,307
Shares		
Basic outstanding shares	400,000,000	400,000,000
Less: Weighted average shares held with the ESOP Trust	(2,888,961)	(4,498,742)
Weighted average shares used for computing basic EPS	**397,111,039**	**395,501,258**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	1,041,836	1,226,156
Weighted average shares used for computing diluted EPS	**398,152,875**	**396,727,414**
Earnings per equity share		
Basic (in Rs.)	10.36	8.36
Diluted (in Rs.)	10.33	8.34

The number of equity shares outstanding and the earnings per equity share for the previous year is adjusted for the event of increase as a result of bonus issue in accordance with Ind AS 33 - Earnings Per Share. Also refer note 12 (a) (vi).

39. Disclosure on Specified Bank Notes (SBNs)

The disclosures regarding details of SBNs held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2020 and 31 March 2019.

40. Prior year's comparatives

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Syngene International Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Syngene International Limited (hereinafter referred to as "the Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon. We therefore do not provide a separate opinion on these matters.

Financial instruments – Hedge accounting

[Refer Note 2(c) and 28 to the Consolidated Financial Statements]

The Key Audit Matter

The Company enters into forward, option and interest rate swap contracts to hedge its foreign exchange and interest rate risks. Foreign exchange risks arise from sales to customers as significant part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings.

The Company designates a significant portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of the balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity.

These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109: "Financial Instruments". Lockdowns because of COVID-19 had an impact on its operations and thereby impacted Company's estimates relating to occurrence of the highly probable forecasted transactions. A hedging relationship can no longer be continued if the Company concludes forecasted transactions are not likely to occur. Given the uncertainties relating to COVID-19, judgments and estimates relating to hedge accounting were inherently complex.

How the matter was addressed in our audit

Our audit procedures in relation to hedge accounting include the following, amongst others:

We involved our internal valuation specialists to assess the fair value of the derivatives by testing sample contracts. We analyzed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to assess they are closely aligned. We analysed the revised estimate of highly probable forecasted transactions and tested the impact of ineffective hedges. We challenged Company's assertion relating to its ability to meet its forecasts to be able to assert that hedge accounting can be continued by analysing various scenarios to conclude there was no significant impact on the year-end financial statements.

Taxation

[Refer Note 2(n) and 30 to the Consolidated Financial Statements]

The Key Audit Matter

The Holding Company's operations are majorly based out of units registered as Special Economic Zone (SEZ) and Export Oriented Unit (EOU). Accordingly, the Holding Company enjoys certain deductions/benefits with respect to payment of income-tax and other indirect taxes, some of which are subject matters of dispute with tax authorities. The Holding Company periodically assesses its tax positions, which include examination by the external tax consultant and tax counsels appointed by the Holding Company. Judgment is required in assessing the range of possible outcomes for some of these tax matters. The possible outcomes, could change significantly over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Where the amount of tax liabilities is uncertain, the Holding Company recognises accruals/contingent liability which reflect the Holding Company's best estimate of the outcome based on the facts as at the reporting date. Thus, there is a risk of incorrect accounting of accruals and disclosure of contingent liability for tax.

The Holding Company also has significant amount of deferred tax assets primarily comprising of Minimum Alternate Tax ('MAT') entitlement credits. These are on account of tax holiday benefits enjoyed by the Holding Company, which would expire over a period of 15 years as stipulated under present income tax law. Assessment of recoverability of such MAT credits require the Company to prepare forecasts for future profitability and potential tax liabilities, which involves significant judgment and accordingly this is an area of focus for us.

How the matter was addressed in our audit

Our audit procedures in relation to taxation include the following, amongst others:

- We obtained an understanding of the key uncertain tax positions based on list of ongoing litigations and tax computations for the current year;
- We analysed select key correspondences with the tax authorities to identify any additional uncertain tax positions;
- We analysed the Holding Company's judgment regarding the eventual resolution of matters with various tax authorities. In this regard, we understood how Company has considered past experience, where available, with the tax authorities in the respective jurisdictions;
- We also considered external legal opinions and consultations made by the Holding Company for significant matters;
- We used our own tax specialists' expertise to assess the key assumptions made by Company
- With respect to our assessment of recoverability of MAT, our audit procedures included:
    - Assessing the revenue and profit forecast against the historical performance and assessing the Holding Company's plans with respect to new undertakings being setup having tax holiday benefits; and
    - We assessed the sensitivity of key assumptions. The growth rate and the impact of tax holiday benefit for future years on the Holding Company's ability to utilize MAT credits including sensitivity of any of these assumptions because of impact of COVID-19 that has been considered by the Holding Company.

Ind AS 116 - Leases

[Refer Note 2(p) and 35 to the Consolidated Financial Statements]

The Key Audit Matter

Ind AS 116 introduces a new lease accounting model, where the lessees are required to recognize a Right-Of-Use (ROU) asset and a lease liability arising from a lease on its balance sheet. The Group has adopted Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is recognized as an adjustment to the opening balances of the retained earnings as at the date of transition, with no restatement of comparative information.

Lease arrangements in the Group which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognised within assets and liabilities under Ind AS 116.

Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others.

Additionally, there is a risk the lease data which is underlying the Ind AS 116 computations is incomplete or inaccurate.

As at 31 March 2020, the carrying amount of ROU asset was INR 864 million and lease liability was INR 873 million.

How the matter was addressed in our audit

Our audit procedures on adoption of Ind AS 116 include the following:

We assessed the selection of accounting policies and practical expedients applied by the Group. We evaluated the design and implementation of key controls and operating effectiveness of the relevant key controls with respect to the Ind AS 116. Based on our evaluation of the contractual agreements entered into and our understanding of the business, assessed the appropriateness of the leases identified by the Group.

On transition to Ind AS 116 with effect from 1 April 2019, we have evaluated the method of transition and related adjustments. We tested the completeness of the lease data by reconciling the Group's existing lease commitments to the lease data underpinning the Ind AS 116 computations. We obtained the Group's quantification of ROU assets and leases liabilities. We assessed the accuracy of the lease data captured by the Group for a sample of leases through inspection of lease contracts. We assessed the accounting policy and disclosures provided under the new lease standard. We also assessed the completeness and mathematical accuracy of the relevant disclosures, including those related to transition.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report (but does not include the Consolidated Financial Statements and our Auditor's Report thereon) which we obtained prior to the date of this auditor's report, and the remaining reports, which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this Auditor's Report, 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

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

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

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

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

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of each Company.

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Statements of which we are the independent auditors.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the Consolidated Financial Statements of which we are the independent auditor 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

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

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and

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

A. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

ii) The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 31 to the Consolidated Financial Statements.

iii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 28 to the Consolidated Financial Statements in respect of such items as it relates to the Group.

iv) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020.

v) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
UDIN: 20060573AAAABH9836

Bengaluru
12 May 2020

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Syngene International Limited for the year ended 31 March 2020

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

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to Consolidated Financial Statements of Syngene International Limited (hereinafter referred to as "the Holding Company"), a company incorporated in India under the Companies Act, 2013, as of that date.

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

Management and Board of Directors' Responsibility for Internal Financial Controls

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding 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.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A Company's internal financial controls with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated 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 Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
UDIN: 20060573AAAABH9836

Bengaluru
12 May 2020

Consolidated Balance Sheet

as at 31 March 2020

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

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3 (a)	18,766	13,227
Capital work-in-progress	3 (a)	2,341	2,737
Right-of-use assets	3 (b)	864	-
Investment property	3 (c)	360	400
Intangible assets	4	207	141
Financial assets			
(i) Investments	5(a)	380	-
(ii) Derivative assets		257	677
(iii) Other financial assets	6(a)	146	208
Deferred tax assets (net)	7	1,227	915
Income tax assets (net)		760	629
Other non-current assets	8(a)	195	460
Total non-current assets		**25,503**	**19,394**
Current assets			
Inventories	9	252	434
Financial assets			
(i) Investments	5(b)	7,384	7,160
(ii) Trade receivables	10	3,982	3,387
(iii) Cash and cash equivalents	11(a)	1,930	1,652
(iv) Bank balances other than (iii) above	11(b)	885	2,717
(v) Derivative assets		191	699
(vi) Other financial assets	6(b)	686	930
Other current assets	8(b)	816	662
Total current assets		**16,126**	**17,641**
Total assets		**41,629**	**37,035**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12 (a)	4,000	2,000
Other equity	12 (b)	17,758	17,684
Total equity		**21,758**	**19,684**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13(a)	-	3,466
(ii) Lease liabilities		812	151
(iii) Derivative liabilities		1,378	296
Provisions	14(a)	409	374
Other non-current liabilities	15(a)	1,880	1,778
Total non-current liabilities		**4,479**	**6,065**
Current liabilities			
Financial liabilities			
(i) Borrowings	13(b)	3,089	1,907
(ii) Lease liabilities		61	9
(iii) Trade payables	16		
Total outstanding dues of micro and small enterprises		207	142
Total outstanding dues of creditors other than micro and small enterprises		2,013	2,093
(iv) Derivative liabilities		546	97
(v) Other financial liabilities	17	4,948	3,431
Provisions	14(b)	415	210
Income tax liabilities (net)		117	158
Other current liabilities	15(b)	3,996	3,239
Total current liabilities		**15,392**	**11,286**
Total equity and liabilities		**41,629**	**37,035**

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	18	20,119	18,256
Other income	19	816	751
Total income		**20,935**	**19,007**
Expenses			
Cost of chemicals, reagents and consumables consumed	20	5,186	5,053
Changes in inventories of finished goods and work-in-progress	21	8	260
Employee benefits expense	22	5,804	4,727
Finance costs	23	346	323
Depreciation and amortisation expense	24	2,193	1,642
Other expenses	25	3,086	2,829
Foreign exchange fluctuation (gain)/loss, net		(144)	19
Total expenses		**16,479**	**14,853**
Profit before tax and exceptional item		4,456	4,154
Exceptional item	36	713	-
Profit before tax		**5,169**	**4,154**
Tax expense	30		
Current tax		899	867
Deferred tax			
MAT credit entitlement		(381)	(44)
Other deferred tax		530	15
Total tax expense		**1,048**	**838**
Profit for the year		**4,121**	**3,316**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		23	(45)
Income tax effect		(5)	11
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(2,388)	(819)
Income tax effect		454	151
Other comprehensive income for the year, net of taxes		**(1,916)**	**(702)**
Total comprehensive income for the year		**2,205**	**2,614**

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

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

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Profit attributable to:			
Shareholders of the Company		4,121	3,316
Non-controlling interest		-	-
Profit for the year		**4,121**	**3,316**
Other comprehensive income attributable to:			
Shareholders of the Company		(1,916)	(702)
Non-controlling interest		-	-
Other comprehensive income for the year		**(1,916)**	**(702)**
Total comprehensive income attributable to:			
Shareholders of the Company		2,205	2,614
Non-controlling interest		-	-
Total comprehensive income for the year		**2,205**	**2,614**
Earnings per equity share	39		
Basic (in Rs)		10.38	8.39
Diluted (in Rs)		10.35	8.36

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

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

		31 March 2020	31 March 2019
I.	**Cash flows from operating activities**		
	Profit for the year	4,121	3,316
	Adjustments to reconcile profit to net cash flows		
	Depreciation and amortisation expense	2,193	1,642
	Loss on assets scrapped	14	-
	Exceptional item	(713)	-
	Provision for doubtful receivables	10	(11)
	Bad debts written off	1	10
	Share based compensation expense	181	88
	Interest expense	346	299
	Unrealised foreign exchange loss	45	13
	Net gain on sale of current investments	(28)	(44)
	Proceeds from insurance company	970	-
	Interest income	(787)	(707)
	Tax expenses	1,048	838
	Operating profit before working capital changes	**7,401**	**5,444**
	Movements in working capital		
	Decrease/ (increase) in inventories	182	426
	Decrease/ (increase) in trade receivables	(362)	(704)
	Decrease/ (increase) in other assets	(1,735)	(126)
	Increase/ (decrease) in trade payables, other liabilities and provisions	2,356	2,225
	Cash generated from operations	**7,842**	**7,265**
	Income taxes paid (net of refunds)	(1,071)	(961)
	Net cash flow generated from operating activities	**6,771**	**6,304**
II.	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(6,300)	(5,815)
	Purchase of intangible assets	(131)	(18)
	Purchase of investment property	-	(76)
	Investment in unsecured compulsorily convertible debentures	(100)	
	Investment in bank deposits and inter corporate deposits	(12,892)	(12,987)
	Redemption/ maturity of bank deposits and inter corporate deposits	13,831	10,817
	Interest received	891	553
	Proceeds from sale of current investments	9,123	8,876
	Purchase of current investments	(8,706)	(7,815)
	Net cash flow used in investing activities	**(4,284)**	**(6,465)**

	31 March 2020	31 March 2019
III. Cash flows from financing activities		
Proceeds from exercise of share options	7	19
Repayment of long term borrowings	(2,677)	(1,291)
Proceeds/ (repayments) from short term borrowings, net	1,057	1,088
Dividend paid on equity shares including tax thereon	(241)	(241)
Payment of bonus share issue expenses	(12)	-
Repayment of lease liabilities (principal), net	(43)	-
Interest paid	(346)	(299)
Net cash flow used in financing activities	**(2,255)**	**(724)**
IV. Net increase/(decrease) in cash and cash equivalents (I+II+III)	**232**	**(885)**
V. Effect of exchange difference on cash and cash equivalents held in foreign currency	46	10
VI. Cash and cash equivalents at the beginning of the year	1,652	2,527
VII. Cash and cash equivalents at the end of the year (IV+V+VI)	**1,930**	**1,652**
Components of cash and cash equivalents as at the end of the year		
Cash on hand	- *	-
Balances with banks	1,924	1,652
Deposits with maturity of less than 3 months	6	-
Total cash and cash equivalents [refer note 11(a)]	**1,930**	**1,652**
Restricted cash balance [refer note 11 (ii)]	8	- *

* Less than Rs. 0.5 million.

Change in liability arising from financing activities

	1 April 2019	Cash Flow	Foreign exchange loss	31 March 2020
Borrowings (including current maturities)	7,973	(1,620)	503	6,856
	7,973	**(1,620)**	**503**	**6,856**

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

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

(A) Equity share capital	31 March 2020	31 March 2019
Opening balance	2,000	2,000
Issue of bonus shares [refer note 12(a)(vi)]	2,000	-
Closing balance	**4,000**	**2,000**

(B) Other equity [refer note 12(b)]

Particulars	Reserves and surplus						Items of other comprehensive income		Total other equity
	Securities premium	General reserve	Treasury shares	Retained earnings	Special Economic Zone (SEZ) reinvestment reserve	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	
Balance as at 1 April 2018	1,183	47	(69)	12,843	-	282	988	(70)	15,204
Profit for the year	-	-	-	3,316	-	-	-	-	3,316
Other comprehensive income, net of tax	-	-	-	-	-	-	(668)	(34)	(702)
Total comprehensive income for the year	**-**	**-**	**-**	**3,316**	**-**	**-**	**(668)**	**(34)**	**2,614**
Transactions recorded directly in equity									
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	90		23	(4)		(90)	-	-	19
Share based payment	-	-	-	-	-	88	-	-	88
Transfer to SEZ reinvestment reserve				(450)	450		-	-	-
Transfer from SEZ reinvestment reserve				450	(450)		-	-	-
Balance as at 31 March 2019	**1,273**	**47**	**(46)**	**15,914**	**-**	**280**	**320**	**(104)**	**17,684**
Profit for the year	-	-	-	4,121	-	-	-	-	4,121
Other comprehensive income, net of tax	-	-	-	-	-	-	(1,934)	18	(1,916)
Total comprehensive income for the year	**-**	**-**	**-**	**4,121**	**-**	**-**	**(1,934)**	**18**	**2,205**
Transactions recorded directly in equity									
Issue of fully paid up bonus shares	-	(47)	-	(1,953)	-	-	-	-	(2,000)
Expenses in relation to Issue of Bonus shares	(12)	-	-	-	-	-	-	-	(12)
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	-	(241)
Exercise of share options	72	-	5	1	-	(72)	-	-	6
Share based payment	-	-	-	-	-	181	-	-	181
Impact on account of adoption of Ind AS-116 [refer note 35]	-	-	-	(65)	-	-	-	-	(65)
Transfer to SEZ reinvestment reserve	-	-	-	(1,500)	1,500	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	1,500	(1,500)	-	-	-	-
Balance as at 31 March 2020	**1,333**	**-**	**(41)**	**17,777**	**-**	**389**	**(1,614)**	**(86)**	**17,758**

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Bengaluru
12 May 2020

for and on behalf of the **Board of Directors of Syngene International Limited**

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

1. COMPANY OVERVIEW

1.1 Reporting entity

Syngene International Limited ("Syngene" or "the parent company" or "the Company"), together with its subsidiary (collectively, the "Group") is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene's services include integrated drug discovery and development capabilities in medicinal chemistry, biology, in vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical development along with Clinical development services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

The Company had incorporated its wholly owned overseas subsidiary, Syngene USA Inc., USA ('the Subsidiary') during the year ended 31 March 2018 and operational from 1 November 2017.

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2020. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on 12 May 2020.

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

b) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiary 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. Accordingly, the financial statements of Syngene USA Inc. has been prepared in United States Dollar (USD).

c) Basis of measurement

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

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

d) Use of estimates and judgements

The preparation of the consolidated 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 consolidated 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 consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 28 — Financial instruments;
- Note 2(d), 2(e) and 2(f) — Useful lives of property, plant and equipment, investment property and intangible assets;
- Note 2(l) and 18 — Revenue Recognition: whether revenue from sale of compounds is recognised over time or at a point in time;
- Note 2(n), 30 and 31 — Provision for income taxes and related tax contingencies;
- Note 2(p) and 35 — Leases;
- Note 2(j) and 27 — measurement of defined benefit obligation; key actuarial assumptions; and
- Note 34 — Share based payments;

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 31 March 2019 is included in the following notes:

— Note 2(i)(i) and 28 – impairment of financial assets;

— Note 2(i)(ii) – impairment of non-financial assets;

— Note 2(j) and 27 – measurement of defined benefit obligations: key actuarial assumptions; and

— Note 14 and 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

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

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

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

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

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

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

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

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

- Note 2(c) and 28 – financial instruments;
- Note 3(b) – investment property; and
- Note 34 – share based payment arrangements;

2. Significant accounting policies

a. Basis of consolidation

I. Subsidiary

Subsidiary is entity 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 subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, Income Taxes.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiary has been kept consistent with the policies adopted by the Group.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

II. Loss of control

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

b. Foreign currency

I. Foreign currency transactions

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

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

Under previous GAAP exchange differences arising on restatement of long-term foreign currency monetary items related to acquisition of depreciable assets was added to/ deducted from the cost of the depreciable assets. In accordance with Ind AS 101 First time adoption of Indian Accounting Standards the Group continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on 31 March 2016.

II. Foreign operations

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

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

c. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

vii. Cash and cash equivalents

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

Cash dividend to equity holders

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

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of 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.

Exchange differences arising on long-term foreign currency monetary items initially recognised in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

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

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

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the 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 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 and land under perpetual lease are not depreciated.

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25-30 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-14 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	Useful life or lease period whichever is lower	

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

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

iii. Reclassification to investment property

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

e. Investment property

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

Based on technical evaluation and consequent advice, the management believes a period of 3 to 25 years as representing the best estimate of the period over which investment property (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment property over a period of 3 to 25 years on a straight-line basis. The estimated useful life of assets in investment property are different from the indicative useful lives of relevant type of asset mentioned in Part C of Schedule II to the act as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years

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

f. Intangible assets

Internally generated: Research and Development:

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

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

Others

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

I. Subsequent expenditure

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

II. Amortisation

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

— Computer software	5 years
— 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.

g. Business combination

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

h. Inventories

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

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

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

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

i. Impairment

I. Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

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

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

II. Impairment of non-financial assets

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

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

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

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

j. Employee benefits

I. Gratuity

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

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

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

II. Provident Fund

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

III. Compensated absences

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

IV. Share-based compensation

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

k. Provisions (other than for employee benefits)

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

Onerous contracts

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

l. Revenue from contracts with customers

i. Contract research and manufacturing services income

The Group derives revenues primarily from Contract research and manufacturing services income. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are either on a time-and-material basis, fixed price or on a sale of compounds.

In respect of contracts involving research services, in case of ‘time and materials’ contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

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

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

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

The Group collects Goods and service tax, (GST) as applicable, on behalf of the Government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

ii. Rental income

Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

iii. Contribution received from customers towards property, plant and equipment

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

iv. Dividends

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

v. Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

m. Government grants

The Group recognises Government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues.

n. Income taxes

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

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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

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

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

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

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

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

o. Borrowing cost

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

p. Leases

I. The Group as lessee:

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

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

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

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

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

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

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

II. The Group as a Lessor:

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

Transition

Effective 1 April 2019, the group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets at its carrying amount as if standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2020 have not been retrospectively adjusted.

q. Earnings per share

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

r. 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 1 April 2020.

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

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At 1 April 2018	597	2,892	12,227	100	295	33	172	16,316	1,554
Additions	106	455	4,332	22	97	-	-	5,012	6,915
Transfer to investment property [refer note (f)]	-	(34)	(384)	(1)	(3)	-	-	(422)	-
Disposals / other adjustments	-	-	-	-	-	(3)	-	(3)	(5,012)
At 31 March 2019	**703**	**3,313**	**16,175**	**121**	**389**	**30**	**172**	**20,903**	**2,737**
Additions	-	2,234	5,314	40	112	3	-	7,703	7,307
Reclassification to right-of-use assets on account of adoption of Ind AS 116 [refer note 2(p) and 35]	-	-	-	-	-	-	(172)	(172)	-
Disposals / other adjustments	-	-	(168)	-	-	(3)	-	(171)	(7,703)
At 31 March 2020	**703**	**5,547**	**21,321**	**161**	**501**	**30**	**-**	**28,263**	**2,341**
Accumulated depreciation									
At 1 April 2018	-	559	5,412	57	147	10	10	6,195	-
Depreciation for the year	-	127	1,322	24	44	9	17	1,543	-
Transfer to investment property	-	-	(59)	-	-	-	-	(59)	-
Disposals	-	-	-	-	-	(3)	-	(3)	-
At 31 March 2019	**-**	**686**	**6,675**	**81**	**191**	**16**	**27**	**7,676**	**-**
Depreciation for the year	-	147	1,768	29	56	8		2,008	-
Transfer to right-of-use assets on account of adoption of Ind AS 116 [refer note 2(p)]	-	-	-	-	-	-	(27)	(27)	-
Disposals	-	-	(158)	-	-	(2)	-	(160)	-
At 31 March 2020	**-**	**833**	**8,285**	**110**	**247**	**22**	**-**	**9,497**	**-**
Net carrying amount									
At 31 March 2019	**703**	**2,627**	**9,500**	**40**	**198**	**14**	**145**	**13,227**	**2,737**
At 31 March 2020	**703**	**4,714**	**13,036**	**51**	**254**	**8**	**-**	**18,766**	**2,341**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross carrying amount - Rs. 661 (31 March 2019 - Rs. 661).

(b) Plant and equipment includes computers.

(c) Buildings with a gross carrying amount of Rs. 3,593 as at 31 March 2020 (as at 31 March 2019 - Rs. 3,154) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited, the holding Company.

(d) Foreign exchange loss of Rs. 667 [31 March 2019 - Rs. 289] on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset pursuant to option available on long-term foreign currency monetary items which were obtained before the beginning of the first Ind AS financial reporting period as per the previous GAAP (refer note 2(b)(i)).

(e) Additions to property, plant and equipment includes additions related to borrowing costs capitalised during the year amounting to Rs. Nil (31 March 2019 - Rs. 20).

(f) During the year ended 31 March 2019, a portion of facility was reclassified as investment property [refer note 3 (c)], as the company leased out the facility to a related party.

(g) During the year ended 31 March 2020, leasehold improvements was reclassified as right-of-use assets [refer note 3(b)] on account of adoption of Ind AS 116.

3 (b) Right-of-use assets

	Land	Buildings	Vehicles	Total
Gross carrying amount				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(p) and 35]	-	172	-	172
Additions	65	696	39	800
At 31 March 2020	**65**	**868**	**39**	**972**
Accumulated depreciation				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 (refer note 2(p)]	-	27	-	27
Amortisation for the year	20	58	3	81
At 31 March 2020	**20**	**85**	**3**	**108**
Net carrying amount				
At 31 March 2020	**45**	**783**	**36**	**864**

3 (c) Investment property

	Buildings [refer note (b)]	Furniture and fixtures	Office equipments	Plant and equipment	Total
Gross carrying amount					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	34	3	1	384	422
Additions	-	-	-	76	76
At 31 March 2019	**34**	**3**	**1**	**460**	**498**
Additions	-	-	-	-	-
At 31 March 2020	**34**	**3**	**1**	**460**	**498**
Accumulated depreciation					
At 1 April 2018	-	-	-	-	-
Transfer from property, plant and equipment	1	-	-	58	59
Depreciation for the year	1	1	-	37	39
At 31 March 2019	**2**	**1**	**-**	**95**	**98**
Depreciation for the year	1	1	-	38	40
At 31 March 2020	**3**	**2**	-	**133**	**138**
Net carrying amount					
At 31 March 2019	**32**	**2**	**1**	**365**	**400**
At 31 March 2020	**31**	**1**	**1**	**327**	**360**

Note:

(a) During the year, the Company has recognised rental income of Rs. 225 (31 March 2019 - Rs. 221) in the statement of profit and loss for investment property. The fair value of investment property as at 31 March 2020 is Rs. 360 (31 March 2019 - Rs. 400).

(b) Investment property with a cost of Rs. 34 (31 March 2019 - Rs. 34) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

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4. Intangible assets

	Computer software	Intellectual property right	Total
Gross carrying amount			
At 1 April 2018	171	120	291
Additions	18	-	18
Disposals	-	-	-
At 31 March 2019	**189**	**120**	**309**
Additions	130	-	130
Disposals	**-**	**-**	**-**
At 31 March 2020	**319**	**120**	**439**
Accumulated amortisation			
At 1 April 2018	70	38	108
Amortisation for the year	36	24	60
Disposals	-	-	-
At 31 March 2019	**106**	**62**	**168**
Amortisation for the year	40	24	64
Disposals	-	-	-
At 31 March 2020	**146**	**86**	**232**
Net carrying amount			
At 31 March 2019	**83**	**58**	**141**
At 31 March 2020	**173**	**34**	**207**

5. Investments

	31 March 2020	31 March 2019
(a) Non-current investments		
Unquoted - In Others		
Investments carried at fair value through profit or loss		
Immuneel Therapeutics Private Limited - 10,000,000 (31 March 2019: Nil) 0.01% unsecured compulsorily convertible debentures, par value Rs.10 each fully paid up[refer note(i) below]	100	-
Investments carried at amortized cost		
Investments in Certificates of deposits*	280	-
	380	**-**
Aggregate value of unquoted investments	380	-

Notes:

(i) Terms of conversion: 4,950 unsecured compulsorily convertible debentures of face value Rs. 10/- each will convert to 1 equity share of Rs. 49,500/- (Face value of Rs. 10/- and premium of Rs. 49,490) at end of the tenure of 12 months.

* Inter corporate deposits with financial institutions yield fixed interest rate.

	31 March 2020	31 March 2019
(b) Current investments		
Investments In mutual funds (quoted) (Non trade)		
Aditya Birla Sun Life Liquid Fund - 156,619 (31 March 2019: 567,252) units of Rs. 319 (31 March 2019: Rs. 300) each	50	170
DSP Liquidity Fund - Nil (31 March 2019: 20,604) units of Rs. Nil (31 March 2019: Rs. 2,672) each	-	55
HDFC Liquid Fund - Nil (31 March 2019: 14,975) units of Rs. Nil (31 March 2019: Rs. 3,676) each	-	55
ICICI Prudential Liquid Fund - Nil (31 March 2019: 271,979) units of Rs. Nil (31 March 2019: Rs. 276) each	-	75
Invesco India Liquid Fund - Nil (31 March 2019: 21,407) units of Rs. Nil (31 March 2019: Rs. 2,571) each	-	55
SBI Liquid Fund - Nil (31 March 2019: 18,812) units of Rs. Nil (31 March 2019: Rs. 2,927) each	-	55
Tata Liquid Fund - Nil (31 March 2019: 13,602) units of Rs. Nil (31 March 2019: Rs. 2,943) each	-	40
UTI Liquid Fund Cash Plan - Nil (31 March 2019: 17,998) units of Rs. Nil (31 March 2019: Rs. 3,060) each	-	55
Nippon India Overnight Fund - 1,126,048 (31 March 2019: Nil) units of Rs. 107 (31 March 2019: Rs. Nil) each	121	-
	171	560
Unquoted - In Others		
Inter corporate deposits with financial institutions*	7,213	6,600
	7,384	**7,160**
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate value of quoted investments	171	560
Aggregate value of unquoted investments	7,213	6,600

6. Other financial assets

	31 March 2020	31 March 2019
(a) Non-current		
Security deposits	146	208
	146	**208**
(b) Current		
Recoverable from insurance company (refer note 36)	-	240
Other receivables (refer note 26)	53	207
Interest accrued but not due	124	228
Unbilled revenues	509	255
	686	**930**

7. Deferred tax assets (net) (refer note 30(b))

	31 March 2020	31 March 2019
Deferred tax asset		
MAT credit entitlement	1,506	1,125
Employee benefit obligations	130	99
Derivatives, net	420	-
Others	27	22
	2,083	**1,246**
Deferred tax liability		
Derivatives, net	-	34
Property, plant and equipment, investment property and intangible assets, net	856	297
Others	-	-
	856	**331**
Deferred tax assets (net)	**1,227**	**915**

8. Other assets

	31 March 2020	31 March 2019
(a) Non-current		
Capital advances	117	327
Balances with statutory / government authorities	55	55
Prepayments	23	78
	195	**460**
(b) Current		
Advances other than capital advances	47	34
Export incentive receivables	432	409
Balances with statutory / government authorities	131	5
Prepayments	206	214
	816	**662**

9. Inventories

	31 March 2020	31 March 2019
Chemicals, reagents and consumables *	202	376
Work-in-progress	33	51
Finished goods	17	7
	252	**434**

* includes goods in-transit Rs. 30 (31 March 2019 - Rs. 11)

10. Trade Receivables

	31 March 2020	31 March 2019
Unsecured		
Considered good (refer note 26)	3,982	3,387
Considered doubtful	62	53
	4,044	**3,440**
Allowance for credit losses	(62)	(53)
	3,982	**3,387**
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.	-	1

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

11. Cash and bank balances

	31 March 2020	31 March 2019
(a) Cash and cash equivalents		
Cash on hand	- *	- *
Balances with banks (on current accounts)	1,924	1,652
Deposits with original maturity of less than 3 months	6	-
	1,930	**1,652**
(b) Bank balances other than above		
Deposits with maturity of less than 12 months	885	2,717
Total cash and bank balances	**2,815**	**4,369**

* Less than Rs. 0.5 million.

(i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

(ii) Cash and cash equivalents includes restricted cash and bank balances of Rs. 8 (31 March 2019: Rs. Nil). The restrictions are primarily on account of bank balances held under Employee Welfare Trust.

12(a). Equity share capital

	31 March 2020	31 March 2019
Authorised		
500,000,000 (31 March 2019: 250,000,000) equity shares of Rs 10/- each (31 March 2019 - Rs 10/- each)	5,000	2,500
Issued, subscribed and fully paid-up		
400,000,000 (31 March 2019: 200,000,000) equity shares of Rs 10/- each (31 March 2019 - Rs 10/- each)	4,000	2,000
	4,000	**2,000**

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

Equity shares	31 March 2020		31 March 2019	
	No.	Rs	No.	Rs
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issue of bonus shares during the year [refer note (vi) below]	200,000,000	-	-	-
At the end of the year	**400,000,000**	**2,000**	**200,000,000**	**2,000**

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(iii) Details of shares held by holding company and their subsidiaries

	31 March 2020		31 March 2019	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Biocon Limited (holding company) [refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

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

	31 March 2020		31 March 2019	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited [refer note (vi) below]	280,974,772	70.24%	140,487,386	70.24%

(v) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2020	31 March 2019
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid bonus shares by capitalization of general reserve and surplus in statement of profit and loss [refer note (vi) below]	200,000,000	-
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	5,254,576	4,641,999

The Company issued fully paid bonus shares of 171,931,136 (Face value: Rs. 10 per share) in ratio of 1:6.1253329 on 27 March 2015 by capitalisation of securities premium pursuant to the approval of the shareholders of the Company at the EGM held on 16 March 2015.

@ Syngene Employee Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option 2011. The consideration other than excise price was received in form of employee services. Equity shares allotted for the year ended 31 March 2020 is adjusted for the event of increase as a result of bonus issue.

(vi) Issue of bonus shares

The shareholders approved through postal ballet on 13 July 2019, the issue of fully paid up bonus shares of face value of Rs. 10/- each in the ratio of 1:1 by capitalisation of general reserves and surplus in statement of profit and loss.

(vii) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 34.

12(b). Other equity

Securities premium

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

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. It is utilised in accordance with the provisions of the Companies Act, 2013.

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Company. Also refer note 34 for further details on these plans.

Treasury shares

The amount represents cost of own equity instruments that are acquired (treasury shares) by the ESOP trust and is disclosed as a deduction from other equity.

Cash flow hedging reserves

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

Special Economic Zone (SEZ) reinvestment reserve

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

13. Borrowings

	31 March 2020	31 March 2019
(a) Non-current borrowings		
Term loans from banks		
External commercial borrowings(secured) [refer note (i) below]	3,767	6,066
	3,767	**6,066**
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	-	**3,466**
(b) Current borrowings		
Term loans from banks		
Pre shipment credit(unsecured) [refer note (ii) below]	3,089	1,907
	3,089	**1,907**
The above amount includes		
Secured borrowings	3,767	6,066
Unsecured borrowings	3,089	1,907
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(3,767)	(2,600)
	3,089	**5,373**

Notes:

(i) (a) The Company entered into External Commercial Borrowing agreement dated 30 March 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of the Company.

(b) 'Facility A' of USD 50 million carries an interest rate of Libor + 1.04% and is repaid in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020 in line with the agreement ; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.

(c) The facilities provided are secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company.

(ii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 3,089 (USD 41 million) [31 March 2019 : Rs. 1,907 (USD 27.5 million)] that carries interest rate of Libor + 0.35% to + 0.60% [31 March 2019 : Libor + 0.60% to + 1.08%]. The loans are repayable after the end of 3 to 6 months from the date of its origination.

(iii) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 28.

14. Provisions

	31 March 2020	31 March 2019
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	409	374
	409	**374**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	42	33
Compensated absences	373	177
	415	**210**

15. Other liabilities

	31 March 2020	31 March 2019
(a) Non-current		
Deferred rent liability	-	24
Deferred revenues	1,880	1,754
	1,880	**1,778**
(b) Current		
Advances from customers	3,095	2,676
Deferred revenues	306	209
Others		
- Statutory dues	124	101
- Other dues	471	253
	3,996	**3,239**

16. Trade payables

	31 March 2020	31 March 2019
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	207	142
Total outstanding dues of creditors other than micro and small enterprises	2,013	2,093
	2,220	**2,235**
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act")		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	207	142
- Interest due on above	1	- *
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	629	243
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	6	4
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	17	11

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

* Less than Rs. 0.5 million.

(b) All Trade Payables are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

17. Other financial liabilities

	31 March 2020	31 March 2019
Current		
Current maturities of long term borrowings with Banks (refer note 13(a))	3,767	2,600
Payable for capital goods	1,155	734
Book overdraft	26	97
	4,948	**3,431**

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

18. Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of services		
Contract research and manufacturing services income	18,797	17,156
Other operating revenues		
Scrap sales	27	28
Export incentives	654	548
Others [refer note (a) below]	641	524
	20,119	**18,256**

Note:

(a) Others include income from support services, rentals by the SEZ Developer and release from deferred revenue for assets funded by customers over the useful life.

18.1 Disaggregated revenue information

Set out below is the disaggregation of revenue:

	Year ended 31 March 2020	Year ended 31 March 2019
Revenues from Contract research and manufacturing services income by geography		
India	714	1,047
United States of America	14,383	12,576
Rest of the world	3,700	3,533
	18,797	**17,156**
Revenue from other sources		
Other operating revenues	1,322	1,100
	1,322	**1,100**
Total revenue from operations	**20,119**	**18,256**

Geographical revenue is allocated based on the location of the customers

18.2 Contract balances

	Year ended 31 March 2020	Year ended 31 March 2019
Trade receivables [refer note (i) below]	3,982	3,387
Contract assets [refer note (ii) below]	-	-
Contract liabilities [refer note (iii) below]	5,281	4,639

Notes:

(i) Trade receivables are non-interest bearing.

(ii) The Company does not have contract assets as at 31 March 2020 and 31 March 2019.

(iii) Contract liabilities include advances from customers and deferred revenue.

18.3 Changes in Contract liabilities - advances from customers and deferred revenue

	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	4,639	3,054
Add: Increase due to invoicing during the year	4,247	5,160
Less: Revenue recognised from advances from customers at the beginning of the year	(2,613)	(2,316)
Less: Amounts recognised as revenue during the year	(992)	(1,259)
Balance at the end of the year	**5,281**	**4,639**
Expected revenue recognition from remaining performance obligations:		
- Within one year	3,401	2,885
- More than one year	1,880	1,754
	5,281	**4,639**

18.4 Performance obligation:

In relation to information about the Group's performance obligations in contracts with customers refer note 2(l).

19. Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on:		
Deposits with banks and financial institutions	782	703
Lease deposits	5	4
Net gain on sale of current investments	28	44
Other non-operating income	1	-
	816	**751**

20. Cost of chemicals, reagents and consumables consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the year	376	542
Add : Purchases	5,012	4,887
Less: Inventory at the end of the year	(202)	(376)
	5,186	**5,053**

21. Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the beginning of the year		
Work-in-progress	51	235
Finished goods	7	83
	58	**318**
Inventories at the end of the year		
Work-in-progress	33	51
Finished goods	17	7
	50	**58**
	8	**260**

22. Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	5,059	4,161
Contribution to provident fund and other funds	219	184
Gratuity expenses (refer note 27)	91	58
Share based compensation expense (refer note 34)	181	93
Staff welfare expenses	254	231
	5,804	**4,727**

23. Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense [refer note (i) below]	346	323
	346	**323**

Note:

(i) Interest expense includes exchange difference to the extent considered as an adjustment to borrowing cost of Rs. 3 (31 March 2019 : Rs. 24)

24. Depreciation and amortisation expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment [refer note 3 (a)]	2,008	1,543
Amortisation of right-of-use assets [refer note 3 (b)]	81	-
Depreciation of investment property [refer note 3 (c)]	40	39
Amortisation of intangible assets [refer note 4]	64	60
	2,193	**1,642**

25. Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	-	105
Communication expenses	16	24
Travelling and conveyance	345	279
Professional charges	438	334
Payments to auditors [refer note (a) below]	6	5
Directors' fees including commission	23	19
Power and fuel	458	413
Facility charges	111	124
Insurance	158	170
Rates and taxes	94	177
Repairs and maintenance		
Plant and machinery	619	532
Buildings	151	78
Others	267	247
Selling expenses		
Freight outwards and clearing charges	19	3
Sales promotion expenses	90	66
Commission	2	8
Provision for doubtful receivables	10	(1)
Bad debts written off	1	10
Less: Provision no longer required written back	(1)	(10)
Printing and stationery	47	41
Clinical trial expenses	78	96
Contributions towards CSR (refer note 38)	74	63
Miscellaneous expenses	80	46
	3,086	**2,829**
(a) Payments to auditors:		
As an auditor:		
Statutory audit	3	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	6	**5**

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

26. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below :

List of Related parties

Particulars	Nature of relationship
A. Key management personnel	
Kiran Mazumdar Shaw	Chairperson (w.e.f. 1 April 2020)
Kiran Mazumdar Shaw	Chairperson and Managing Director (till 31 March 2020)
John Shaw	Non-executive director
Jonathan Hunt	Managing Director and Chief Executive Officer (w.e.f. 1 April 2020)
Jonathan Hunt	Director and Chief Executive Officer (till 31 March 2020)
Catherine Rosenberg	Non-executive director
Russell Walls	Independent director (till 24 July 2019)
Bala S. Manian	Independent director
Paul Blackburn	Independent director
Suresh Talwar	Independent director (till 24 July 2019)
Vijay Kuchroo	Independent director
Vinita Bali	Independent director
Sharmila Abhay Karve	Independent director (w.e.f. 1 August 2019)
Carl Decicco	Independent director (w.e.f. 1 October 2019)
M.B. Chinappa	Chief Financial officer (till 17 December 2019)
Sibaji Biswas	Chief Financial officer (w.e.f. 18 December 2019)
Mayank Verma	Company Secretary (till 24 May 2019)
Priyadarshini Mahapatra	Company Secretary (w.e.f. 24 July 2019)
B. Holding company	
Biocon Limited	Holding Company
C. Fellow subsidiaries	
Biocon Sdn. Bhd., Malaysia	Fellow subsidiary
Biocon Pharma Limited	Fellow subsidiary
Biocon Research Limited	Fellow subsidiary
Biocon SA, Switzerland	Fellow subsidiary
Biocon Biologics Limited, UK	Fellow subsidiary
Biocon Pharma Inc, USA	Fellow subsidiary
Biocon FZ LLC, UAE	Fellow subsidiary
Biocon Biologics India Limited	Fellow subsidiary
Biocon Healthcare Sdn. Bhd, Malaysia	Fellow subsidiary
Biocon Academy	Fellow subsidiary
Bicara Therapeutics Inc	Fellow subsidiary
Biocon Pharma UK Limited	Fellow subsidiary
Biocon Pharma Ireland Limited	Fellow subsidiary
Biocon Biosphere Limited	Fellow subsidiary
Biocon Biologics Inc	Fellow subsidiary
D. Other related parties	
Biocon Foundation	Trust in which a director is a trustee
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors
Jeeves	Enterprise in which relative to a director of the Company is proprietor

The Company has the following related parties transactions

Particulars	Transactions / Balances	31 March 2020	31 March 2019
Key management personnel	Salary and perquisites [refer note (i) & (ii) below]	115	79
	Sitting fees and commission [refer note (iii) below]	23	19
	Outstanding as at the year end		
	- Trade and other payables	5	7
Holding company	Rent	63	54
	Power and facility charges [refer note (iv) below]	360	566
	Purchase of goods	2	9
	Other expenses reimbursed	79	69
	Purchase of assets	31	282
	Sale of services	80	364
	Final dividend paid	140	141
	Rent and facility services	-	248
	Purchase of property, plant and equipment	-	67
	Outstanding as at the year end		
	- Trade and other payables	217	499
	- Rent deposits	23	23
	- Trade and other receivables	34	404
	Guarantee given to Central Excise Department	148	148
Fellow subsidiaries	Sale of services	392	165
	Rent and facility services	233	-
	Purchase of assets	56	-
	Training Services	-	2
	Purchase of goods	-*	-
	Outstanding as at the year end		
	- Trade and other payables	51	-*
	- Trade and other receivables	328	146
Other related Parties	Sale of services	1	1
	Health services availed	4	8
	Contribution towards CSR	74	63
	Staff welfare expenses	4	4
	Investment in compulsorily convertible debentures	100	-
	Outstanding as at the year end		
	- Trade and other payables	-	1
	- Trade and other receivables	-	1

* Less than Rs. 0.5 million.

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and and compensated absences, as they are determined on an actuarial basis for the Company as a whole.

(ii) Share based compensation expense allocable to key management personnel is Rs. 80 (31 March 2019 - Rs. 42), which is not included in the remuneration disclosed above.

(iii) Pursuant to approval by the Board of Directors of the Company, the Non-executive non-independent directors of the Company have been entitled to receive remuneration by way of commission effective from quarter ended 31 March 2019.

(iv) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs. 115 (31 March 2019 - Rs. 144) and power charges (including other charges) of Rs. 245 (31 March 2019 - Rs. 422) have been charged by Biocon Limited for the year ended 31 March 2020.

(v) Fellow subsidiary companies with whom the Company did not have any transactions -

Biocon SA, Switzerland - subsidiary of Biocon Limited

Biocon Pharma Inc, USA - subsidiary of Biocon Limited

Biocon FZ LLC, UAE - subsidiary of Biocon Limited

Biocon Healthcare Sdn. Bhd, Malaysia - subsidiary of Biocon Limited

Biocon Pharma UK Limited - subsidiary of Biocon Limited

Biocon Pharma Ireland Limited - subsidiary of Biocon Limited

Biocon Biosphere Limited - subsidiary of Biocon Limited

Biocon Biologics Inc - subsidiary of Biocon Limited

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

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

27. Employee benefit plans

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2019	**410**	**(3)**	**407**
Current service cost	65		65
Interest cost	26		26
Amount recognised in Statement of profit and loss	**91**	**-**	**91**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-*	-*
Actuarial (gain) / loss arising from:			
Demographic assumptions	(8)	-	(8)
Financial assumptions	(6)	-	(6)
Experience adjustment	(9)	-	(9)
Amount recognised in other comprehensive income	**(23)**	**-**	**(23)**
Benefits paid	(24)	-	(24)
Balance as at 31 March 2020	**454**	**(3)**	**451**

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2018	**323**	**(3)**	**320**
Current service cost	34	-	34
Interest cost	24	-	24
Amount recognised in Statement of profit and loss	**58**	**-**	**58**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-*	-*
Actuarial (gain) / loss arising from:			
Demographic assumptions	(4)	-	(4)
Financial assumptions	30	-	30
Experience adjustment	19	-	19
Amount recognised in other comprehensive income	**45**	**-**	**45**
Benefits paid	(16)	-	(16)
Balance as at 31 March 2019	**410**	**(3)**	**407**

* Less than Rs. 0.5 million.

	31 March 2020	31 March 2019
Non current	409	374
Current	42	33
	451	**407**

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

	31 March 2020	31 March 2019
Interest rate	6.4%	7.2%
Discount rate	6.4%	7.7%
Expected return on plan assets	6.4%	7.2%
Salary increase	9.0%	10%
Attrition rate (based on Age of the Employee)	6% - 16%	5% - 15%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 9 years (31 March 2019 - 9 years).

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

(iii) Sensitivity analysis

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

Particulars	31 March 2020		31 March 2019	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(30)	34	(29)	33
Salary increase	33	32	32	(29)
Attrition rate	(7)	8	(7)	8

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

As of 31 March 2020 and 31 March 2019, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending 31 March 2020, is approximately Rs. 42 (31 March 2019 - Rs. 34).

Maturity profile of defined benefit obligation

Particulars	31 March 2020	31 March 2019
1st Following year	42	34
2nd Following year	40	33
3rd Following year	40	34
4th Following year	42	35
5th Following year	43	35
Years 6 to 10	182	170
Years 11 and above	400	467

28. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

31 March 2020	Carrying Amount				Fair Value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	100	-	280	380	-	-	100	100
Derivative assets (non-current)	-	257	-	257	-	257	-	257
Other financial assets (non-current)	-	-	146	146	-	-	-	-
Investments (current)	171	-	7,213	7,384	171	-	-	171
Trade receivables	-	-	3,982	3,982	-	-	-	-
Cash and cash equivalents	-	-	1,930	1,930	-	-	-	-
Bank balances other than above	-	-	885	885	-	-	-	-
Derivative assets (current)	-	191	-	191	-	191	-	191
Other financial assets (current)	-	-	686	686	-	-	-	-
	271	**448**	**15,122**	**15,841**	**171**	**448**	**100**	**719**
Financial liabilities								
Lease liabilities (non-current)			812	812	-	-	-	-
Derivative liabilities (non-current)	-	1,378	-	1,378	-	1,378	-	1,378
Borrowings (current)	-	-	3,089	3,089	-	-	-	-
Lease liabilities (current)			61	61	-	-	-	-
Trade payables	-	-	2,220	2,220	-	-	-	-
Derivative liabilities (current)	-	546	-	546	-	546	-	546
Other financial liabilities (current)	-	-	4,948	4,948	-	-	-	-
	-	**1,924**	**11,130**	**13,054**	**-**	**1,924**	**-**	**1,924**

31 March 2019	Carrying Amount				Fair Value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	-	677	-	677	-	677	-	677
Other financial assets (non-current)	-	-	208	208	-	-	-	-
Investments (current)	560	-	6,600	7,160	560	-	-	560
Trade receivables	-	-	3,387	3,387	-	-	-	-
Cash and cash equivalents	-	-	1,652	1,652	-	-	-	-
Bank balances other than above	-	-	2,717	2,717	-	-	-	-
Derivative assets (current)	-	699	-	699	-	699	-	699
Other financial assets (current)	-	-	930	930	-	-	-	-
	560	**1,376**	**15,494**	**17,430**	**560**	**1,376**	**-**	**1,936**
Financial liabilities								
Borrowings (non-current)	-	-	3,466	3,466	-	-	-	-
Lease liabilities (non-current)	-	-	151	151	-	-	-	-
Derivative liabilities (non-current)	-	296	-	296	-	296	-	296
Borrowings (current)	-	-	1,907	1,907	-	-	-	-
Lease liabilities (current)			9	9				
Trade payables	-	-	2,235	2,235	-	-	-	-
Derivative liabilities (current)	-	97	-	97	-	97	-	97
Other financial liabilities (current)	-	-	3,431	3,431	-	-	-	-
	-	**393**	**11,199**	**11,592**	**-**	**393**	**-**	**393**

The Level 3 investment was made close to the year end and the cost of the investment approximates the fair value.

Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

For the fair values of forward/option 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	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Movement in spot rate of the foreign currency				
INR/USD - Increase by 1%	**-**	**-**	**(350)**	**(406)**
INR/USD - Decrease by 1%	-	-	350	372
Movement in Interest rates				
LIBOR - Increase by 100 bps	-	-	(34)	(176)
LIBOR - Decrease by 100 bps	-	-	34	176

B. Financial risk management

The Group's activities expose it to a variety of financial risks : credit risk, market risk and liquidity 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 unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments in mutual funds and other financial instruments.

The Group has established a credit mechanism 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.

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 and unbilled revenue amounting to Rs. 4,491 (31 March 2019: Rs 3,642). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2020	31 March 2019
Opening balance	53	64
Impairment loss recognised	9	(11)
Closing balance	**62**	**53**

Receivable from one customer as at 31 March 2019 of the Group's receivables is Rs. 397 which is more than 10 percent of the Group's total receivables. There is no receivable from any customer as at 31 March 2020 that is more than 10 percent of the Group's total receivables.

Credit risk on investments, cash and cash equivalent and derivatives is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and non-convertible debentures.

(iii) Liquidity risk

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

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Group maintains line of credits as stated in note 13.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Lease liabilities (non-current)	-	146	342	968	1,456
Borrowings (current)	6,856	-	-	-	6,856
Lease liabilities (current)	138	-	-	-	138
Trade payables	2,220	-	-	-	2,220
Derivative liabilities (non-current)	-	504	874	-	1,378
Derivative liabilities (current)	546	-	-	-	546
Other financial liabilities	1,181	-	-	-	1,181
Total	**10,941**	**650**	**1,216**	**968**	**13,775**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings (non-current)	2,609	3,466	-	-	6,075
Lease liabilities (non-current)	-	57	188	250	495
Borrowings (current)	1,907	-	-	-	1,907
Lease liabilities (current)	54	-	-	-	54
Trade payables	2,235	-	-	-	2,235
Derivative liabilities (non-current)	-	57	108	131	296
Derivative liabilities (current)	97	-	-	-	97
Other financial liabilities	822	-	-	-	822
Total	**7,724**	**3,580**	**296**	**381**	**11,981**

(iv) Market risk

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

Foreign currency risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Group holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

31 March 2020	USD	EUR	Others	Total
Financial assets				
Trade receivables	3,421	16	-	3,437
Cash and cash equivalents	1,761	6	2	1,769
Other financial assets (current)	540	19	-	559
Financial liabilities				
Borrowings (current)	(3,089)	-	-	(3,089)
Trade payables	(266)	(36)	(16)	(318)
Other financial liabilities (current)	(3,936)	(54)	(20)	(4,010)
Net assets / (liabilities)	**(1,569)**	**(49)**	**(34)**	**(1,652)**

31 March 2019	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,768	53	-	2,821
Cash and cash equivalents	812	98	-	910
Other financial assets (current)	344	28	-	372
Financial liabilities				
Borrowings (non-current)	(3,466)	-	-	(3,466)
Borrowings (current)	(1,907)	-	-	(1,907)
Trade payables	(302)	(37)	(10)	(349)
Other financial liabilities (current)	(2,802)	(19)	(8)	(2,829)
Net assets / (liabilities)	**(4,553)**	**123**	**(18)**	**(4,448)**

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD Sensitivity				
INR/USD - Increase by 1%	(16)	(46)	(366)	(452)
INR/USD - Decrease by 1%	16	46	366	418
EUR Sensitivity				
INR/EUR - Increase by 1%	1	1	1	1
INR/EUR - Decrease by 1%	(1)	(1)	(1)	(1)

Derivative financial instruments

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

Particulars	31 March 2020	31 March 2019
Foreign exchange forward contracts to buy	USD 402 (Rs. 30,298)	USD 436 (Rs. 30,256)
European style option contracts with periodical maturity dates	USD 155 (Rs. 11,654)	USD 150 (Rs. 10,370)
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings	USD 50 (Rs. 3,767)	USD 75 (Rs. 5,199)

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended 31 March 2020 and 31 March 2019 the Group's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	31 March 2020	31 March 2019
Variable rate borrowings	1,092	2,773
Fixed rate borrowings	5,764	5,360
Total borrowings	**6,856**	**8,133**

(b) Sensitivity

Fixed rate borrowings:

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

Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs. 11 (31 March 2019 - Rs. 28).

29. Capital management

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

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

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

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

Particulars	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Company	21,758	19,684
As a percentage of total capital	**76%**	**71%**
Long-term borrowings (including current maturities)	3,767	6,226
Short-term borrowings	3,089	1,907
Total borrowings	**6,856**	**8,133**
As a percentage of total capital	24%	29%
Total capital (Equity and Borrowings)	**28,614**	**27,817**

30. Tax expense

	31 March 2020	31 March 2019
(a) Amount recognised in Statement of profit and loss		
Current tax	**899**	**867**
Deferred tax:		
MAT credit entitlement	(381)	(44)
Others related to:		
Origination and reversal of other temporary differences	530	15
Tax expense for the year	**1,048**	**838**
Reconciliation of effective tax rate		
Profit before tax and exceptional item	4,456	4,154
Add: Exceptional item	713	-
Profit before tax	5,169	4,154
Tax at statutory income tax rate 34.94% (31 March 2019 - 34.94%)	1,805	1,450
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Tax incentive	(921)	(529)
Non-deductible expense	89	32
Basis difference that will reverse during the tax holiday period	(123)	(174)
Others	198	59
Income tax expense	**1,048**	**838**

(b) Recognised deferred tax assets and liabilities

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

For the year ended 31 March 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
MAT credit entitlement	1,125	381	-	-	1,506
Defined benefit obligations	99	36	(5)	-	130
Derivatives, net	-	-	420	-	420
Others	22	(7)	-	12	27
Gross deferred tax assets	**1,246**	**410**	**415**	**12**	**2,083**
Deferred tax liability					
Derivatives, net	34	-	(34)		-
Property, plant and equipment, investment property and intangible assets, net	297	559	-		856
Gross deferred tax liability	**331**	**559**	**(34)**	**-**	**856**
Deferred tax assets / (liabilities), net	**915**	**(149)**	**449**	**12**	**1,227**

For the year ended 31 March 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
MAT credit entitlement	1,081	44	-	-	1,125
Defined benefit obligations	76	12	11	-	99
Others	27	(5)	-	-	22
Gross deferred tax assets	**1,184**	**51**	**11**	**-**	**1,246**
Deferred tax liability					
Derivatives, net	185	-	(151)	-	34
Property, plant and equipment, investment property and intangible assets, net	256	41	-	-	297
Others	19	(19)	-	-	-
Gross deferred tax liability	**460**	**22**	**(151)**	**-**	**331**
Deferred tax assets / (liabilities), net	**724**	**29**	**162**	**-**	**915**

31. Contingent liabilities and commitments

(to the extent not provided for)

	31 March 2020	31 March 2019
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**4,245**	**3,357**
The above includes:		
(I) Income tax matters relating to financial year 2002 -03 to 2016 - 17 (31 March 2019 : financial year 2002 - 03 to 2015 - 16)	4,221	3,330
(II) Indirect tax matters	24	27
(III) In light of recent judgment of Honourable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence It is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.		
Including the matters disclosed above, the Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters. Management is of the view that above matters will not have any material adverse effect on the Group's financial position and results of operations.		
(b) Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
The necessary terms and conditions have been complied with and no liabilities have arisen.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2,213	3,732

32. (a) Interest in other entities

Subsidiary

The Group's subsidiary as at 31 March 2020 is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by the non-controlling interest		Principal activities
		31 March 2020 %	31 March 2019 %	31 March 2020 %	31 March 2019 %	
Syngene USA Inc.	United States	100	100	-	-	Business support and marketing for research services

(b) Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary

Name of entity	Net assets as at 31 March 2020		Share in profit or loss for the year ended 31 March 2020		Share in other comprehensive income for the year ended 31 March 2020		Share in total comprehensive income for the year ended 31 March 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Holding Company								
Syngene International Limited	100%	21,741	100%	4,115	100%	(1,916)	100%	2,199
Subsidiary								
Syngene USA Inc.	-	17	-	6	-	-	-	6
Non-controlling interest	-	-	-	-	-	-	-	-
Total	**100%**	**21,758**	**100%**	**4,121**	**100%**	**(1,916)**	**100%**	**2,205**

Name of entity	Net assets as at 31 March 2019		Share in profit or loss for the year ended 31 March 2019		Share in other comprehensive income for the year ended 31 March 2019		Share in total comprehensive income for the year ended 31 March 2019	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Holding Company								
Syngene International Limited	100%	19,672	100%	3,307	100%	(702)	100%	2,605
Subsidiary								
Syngene USA Inc.	-	12	-	9	-	-	-	9
Non-controlling interest	-	-	-	-	-	-	-	-
Total	**100%**	**19,684**	**100%**	**3,316**	**100%**	**(702)**	**100%**	**2,614**

33. Segmental Information

Operating segments

The Group is engaged in a single operating segment of providing contract research and manufacturing services. Accordingly, there are no additional disclosures to be provided Ind AS 108 'Operating Segments' other than those already provided in the financial statements.

Geographical information

The geographical information analyses the Group's revenues and non-current assets by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers and assets which have been based on the geographical location of the assets.

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations:		
India	1,643	1,843
United States of America	14,776	12,880
Rest of the World	3,700	3,533
Total	**20,119**	**18,256**

The following is the carrying amount of non current assets by geographical area in which the assets are located:

	31 March 2020	31 March 2019
Carrying amount of non-current assets		
India	23,493	17,594
Outside India	-	-
Total	**23,493**	**17,594**

Note: Non-current assets excludes financial assets and deferred tax assets.

Major customer

Revenue from two customers (31 March 2019 - two customer) of the Group's Revenue from operations aggregates to Rs. 6,482 (31 March 2019 - Rs.6,293) which is more than 10 percent of the Group's total revenue.

34. Share based compensation

Syngene ESOP Plan

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company and administrated by the Nomination and Remuneration Committee. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed into the equity shares of the Company using the proceeds from interest free loan of Rs. 150 million obtained from the Company.

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 11.25 # [31 March 2019 : Rs. 22.5] per share (Face Value of Rs. 10 per share). The cost for the year has been accounted in the statement of profit and loss is Rs. 181 million [31 March 2019 : Rs. 93 million].

Details of Grant

Particulars	31 March 2020 No. of options #	31 March 2019 No. of options
Outstanding at the beginning of the year	2,693,576	2,235,222
Granted during the year	71,1613	19,1668
Forfeited during the year	(103,038)	(52,139)
Exercised during the year	(612,577)	(1,027,963)
Outstanding at the end of the year	2,689,574	1,346,788
Exercisable at the end of the year	695,090	360,102
Weighted average exercise price	11.25	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	312.6	556.5
Weighted average share price at the date of exercise (In Rs)	295.8	578.7

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2020 is 1.63 years [31 March 2019 - 1.85 years].

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	31 March 2020	31 March 2019
Dividend yield (%)	0.2%	0.2%
Exercise Price (In Rs)	11.25	22.5
Volatility	27.3%	30.5%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.0%	7.9%

The number of equity shares outstanding for the previous year is adjusted for the event of increase as a result of bonus issue.

Syngene Restricted Stock Unit Long Term Incentive Plan 2020

The Board of Directors of the Company on 24 April 2019 and the Shareholders of the Company in the Annual General Meeting held on 24 July 2019 approved the Syngene Restricted Stock Unit Long Term Incentive Plan 2020. Each option entitles for one equity share. The options under this grant will vest to the employees as 20%, 20%, 30% and 30% of the total grant at the end of first, second, third and fourth year from the date of first grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 10/- per share (Face Value of Rs. 10/- per share). No stock options were granted during the year ended 31 March 2020 under this plan.

35. Leases

The Group has entered into lease agreements for use of land, buildings, plant and equipment and vehicles which expires over a period ranging upto the year of 2039. Gross payments for the year aggregate to Rs. 109.

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" on all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-use assets (ROU) of Rs. 350 million and a lease liability of Rs. 381 million. The cumulative effect of applying the standard resulted in Rs. 65 million being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit before tax, profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the movement in lease liabilities during the year ended 31 March 2020:

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	-	160	-	160
Additions on account of adoption of Ind AS 116	122	227	32	381
Additions during the year	-	366	9	375
Finance cost accrued during the period	10	53	3	66
Deletions	-	-	-	-
Payment of lease liabilities	(42)	(57)	(10)	(109)
Balance at the end	**90**	**749**	**34**	**873**

The following is the break-up of current and non-current lease liabilities as at 31 March 2020:

Current	61
Non-current	812
Total	**873**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Less than one year	138
One to five years	488
More than five years	968
Total	**1,594**

The following are the amounts recognised in the statement of profit or loss for the year ended 31 March 2020:

Depreciation expenses on right of use-assets	81
Interest expenses on lease liabilities	66
Total	**147**

36. Exceptional item

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company has recorded a loss of Rs. 1,057 million arising from such incident till 31 March 2020. The Company has received the disbursements of Rs. 1,770 million (31 March 2019: Rs. 815) from the insurance company against the loss till 31 March 2020. The aforementioned receivable and the disbursements from the insurance claim has been presented on a net basis as Rs. 713 million under Exceptional items in these consolidated financial statements. Consequential tax of Rs. 254 million is included within tax expense in these consolidated financial statement.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

37. Impact of COVID-19

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

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

38. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	31 March 2020	31 March 2019
(a) Amount required to be spent by the Company during the year	74	63
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	74	63

39. Earnings per equity share (EPS)

	31 March 2020	31 March 2019
Earnings		
Profit for the year	4,121	3,316
Shares		
Basic outstanding shares	400,000,000	400,000,000
Less: Weighted average shares held with the ESOP Trust	(2,888,961)	(4,498,742)
Weighted average shares used for computing basic EPS	**397,111,039**	**395,501,258**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	1,041,836	1,226,156
Weighted average shares used for computing diluted EPS	**398,152,875**	**396,727,414**
Earnings per equity share		
Basic (in Rs.)	10.38	8.39
Diluted (in Rs.)	10.35	8.36

'The number of equity shares outstanding and the earnings per equity share for the previous year is adjusted for the event of increase as a result of bonus issue in accordance with Ind AS 33 - Earnings Per Share. Also refer Note 12(a)(vi).

40. Disclosure on Specified Bank Notes (SBNs)

'The disclosures regarding details of SBNs held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2020 and 31 March 2019.

41. Prior year's comparatives

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No. 060573

Bengaluru
12 May 2020

for and on behalf of **Board of Directors of Syngene International Limited**

Kiran Mazumdar-Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
12 May 2020