Contents

Independent Auditor's Report

To the Members of
Biocon Biologics India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Biocon Biologics India Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, 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 (hereinafter referred to as "the standalone financial statements").

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.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

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

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the 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 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 is 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 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 the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Report on Other Legal and Regulatory Requirements

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

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

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

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

c) The 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a) The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 34 to the standalone financial statements;

b) 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 32 to the standalone financial statements ;

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

d) 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 Standalone Financial Statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the 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 No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABN9784

Place: Bengaluru
Date: 13 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. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us by the Management and based on our audit procedures performed and the records of the Company, the Company did not hold any immovable property during the year.

(ii) Inventories apart from goods in transit and inventories lying with outside parties have been physically verified by the Management during the year and the discrepancies noticed on such verification between the physical stock and book records were not material. In our opinion, the frequency of such verification is reasonable. Inventories lying with outside parties have been substantially confirmed by them as at the year-end and no material discrepancies were noticed in respect of such confirmations.

(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 order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to the investment made. Further, there are no loans, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable.

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) 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 Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of any disputes, other than those set out in Appendix I.

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

(ix) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the year. The term loans raised by the Company have been applied for the purpose for which they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on 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, 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 complied with the provisions of Section 42 of the Act, in respect of preferential allotment during the year except provisions of Section 42(8) and 42(2) as explained in the table below. Further according to the information and explanation given to us and based on our examination of the records of the Company, we report that the amounts raised have been used for the purpose for which the funds were raised.

Nature of Security (Equity Share/ Preference Share/ Convertible Debenture)	Amount involved	Nature of non-compliance
Preference share	₹ 17,864 million	Utilization of monies raised through private placement before allotment is made along with the return of allotment filed with the Registrar in accordance with Section 42(8).
Preference share	₹ 17,864 million	Delays in filing of return of allotment of securities with the registrar as per Section 42 (2).

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

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

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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABN9784

Place: Bengaluru
Date: 13 May 2020

Appendix I referred to in paragraph vii (b) of Annexure A to the Independent Auditor's Report

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	43	16	FY 2009-10	Commissioner (Appeals)
Income-Tax Act, 1961	Income Tax	942	150	FY 2015-16	Commissioner (Appeals)

Annexure B to the Independent Auditors' Report on the standalone financial statements of Biocon Biologics India 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 ("the Act")

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

Opinion

We have audited the internal financial controls with reference to financial statements of Biocon Biologics India 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 financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABN9784

Place: Bengaluru
Date: 13 May 2020

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Balance Sheet as at March 31, 2020

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

	Note	March 31, 2020	March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3(a)	4,684	4,198
Capital work-in-progress	3(a)	11,526	5,972
Right-of-use assets	3(b)	2,093	–
Intangible assets	4	85	43
Financial assets			
(i) Investments	5	10,810	–
(ii) Other financial assets	6(a)	26	10
Income-tax asset (net)		941	264
Deferred tax asset (net)	7	804	463
Other non-current assets	8(a)	608	259
Total non-current assets		**31,577**	**11,209**
Current assets			
Inventories	9	5,428	3,884
Financial assets			
(i) Trade receivables	10	9,192	2,797
(ii) Cash and cash equivalents	11	1,540	423
(iii) Other financial assets	6(b)	65	27
Other current assets	8(b)	1,187	362
Total current assets		**17,412**	**7,493**
TOTAL		**48,989**	**18,702**
Equity and Liabilities			
Equity			
Equity share capital	12(a)	2,060	457
Other equity	12(b)	8,093	1,372
Total equity		**10,153**	**1,829**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13	5,650	2,565
(ii) Lease liabilities	27	1,965	–
Provisions	14(a)	227	172
Other non-current liabilities	15(a)	975	713
Total non-current liabilities		**8,817**	**3,450**
Current liabilities			
Financial liabilities			
(i) Borrowings	16	2,733	–
(ii) Lease liabilities	27	254	–
(iii) Trade payables	17		
- Total outstanding dues of micro and small enterprises		98	46
- Total outstanding dues of creditors other than micro and small enterprises		5,015	2,654
(iv) Derivative liabilities		57	–
(v) Other financial liabilities	18	21,201	10,242
Provisions	14(b)	354	274
Income tax liabilities (net)		34	53
Other current liabilities	15(b)	273	154
Total current liabilities		**30,019**	**13,423**
TOTAL		**48,989**	**18,702**

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Kiran Mazumdar-Shaw
Chairperson & Director
DIN: 00347229

Dr. Christiane Hamacher
Managing Director & Chief Executive Officer
DIN: 07822113

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020

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

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

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	19	17,688	13,252
Other income	20	223	199
Total income		17,911	13,451
Expenses			
Cost of raw materials and packing materials consumed	21	5,182	4,720
Purchases of traded goods		845	744
Changes in inventories of traded goods, finished goods and work-in-progress	22	(850)	(780)
Employee benefits expense	23	3,729	2,824
Finance costs	24	321	99
Depreciation and amortisation expense	25	1,066	658
Other expenses	26	4,559	3,284
		14,852	11,549
Less: Recovery of cost from co-development partners (net)		(213)	(117)
Total expenses		14,639	11,432
Profit before tax and exceptional item		3,272	2,019
Exceptional item	38	(38)	–
Profit before tax		3,234	2,019
Tax expense	30		
Current tax		636	358
Deferred tax			
MAT credit entitlement		(180)	(32)
Other deferred tax		(105)	(99)
Total tax expense		351	227
Profit for the year		2,883	1,792
Other comprehensive income/(expense)			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(37)	(42)
Income tax effect		10	–
Equity investments through other comprehensive income - net change in fair value		–	22
		(27)	(20)
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(57)	–
Income tax effect		17	–
		(40)	–
Other comprehensive income for the year, net of taxes		(67)	(20)
Total comprehensive income for the year		2,816	1,772
Earnings per share	35		
Basic (in ₹)		14.27	10.63
Diluted (in ₹)		13.73	10.63

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

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DIN: 07822113

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Company Secretary

Bengaluru
May 13, 2020

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

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

(A) Equity share capital

Particulars	March 31, 2020	March 31, 2019
Opening balance	457	1
Shares issued during the year	1,603	456
Closing balance	**2,060**	**457**

(B) Other equity

Particulars	Securities premium	Amalgamation adjustment [refer note 28]	Retained earnings	SEZ reinvestment reserve	Cash flow hedging reserve	Other items of other comprehensive income	Shares pending allotment [refer note 28]	Total other equity
Balance as April 01, 2018	–	–	(11)	–	–	–	–	(11)
Changes on account of business combinations [refer note 28]	–	(2,920)	220	–	–	758	1,553	(389)
Adjusted balance as April 01, 2018	–	(2,920)	209	–	–	758	1,553	(400)
Profit for the year	–	–	1,792	–	–	–	–	1,792
Other comprehensive income, net of tax	–	–	–	–	–	(20)	–	(20)
Balance at March 31, 2019	–	(2,920)	2,001	–	–	738	1,553	1,372
Adjustment pursuant to adoption of Ind AS 116, net of tax	–	–	(3)	–	–	–	–	(3)
Adjusted balance as April 01, 2019	–	(2,920)	1,998	–	–	738	1,553	1,369
Profit for the year	–	–	2,883	–	–	–	–	2,883
Other comprehensive income, net of tax	–	–	–	–	(40)	(27)	–	(67)
Total comprehensive income for the year	**–**	**–**	**2,883**	**–**	**(40)**	**(27)**	**–**	**2,816**
Transactions recorded directly in equity								
Changes on account of business combinations [refer note 28]	–	1,306	(1,126)	–	–	37	–	217
Shares pending allotment issued during the year	–	–	–	–	–	–	(1,553)	(1,553)
Premium received on issue of shares during the year	5,312	–	–	–	–	–	–	5,312
Share issue expenses incurred during the year	(68)	–	–	–	–	–	–	(68)
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	–	–	(935)	935	–	–	–	–
Transfer from SEZ reinvestment reserve on utilisation	–	–	935	(935)	–	–	–	–
Balance at March 31, 2020	**5,244**	**(1,614)**	**3,755**	**–**	**(40)**	**748**	**–**	**8,093**

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

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Managing Director & Chief Executive Officer
DIN: 07822113

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Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020

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

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

		Year ended March 31, 2020	Year ended March 31, 2019
I	Cash flows from operating activities		
	Profit for the year	2,883	1,792
	Adjustments to reconcile profit for the year to net cash flows:		
	Depreciation and amortisation expenses	1,066	658
	Unrealised foreign exchange gain	(69)	(28)
	Tax expense	351	227
	Finance costs	321	99
	Interest income	(3)	–
	Provision/(reversal) for doubtful debts, net	(6)	6
	Net gain on sale of current investments	(17)	–
	Exceptional item	38	–
	Operating profit before working capital changes	4,564	2,754
	Movements in working capital		
	Increase in inventories	(1,544)	(1,101)
	Increase in trade receivables	(6,134)	(1,032)
	Increase in trade payables, other liabilities and provisions	2,919	744
	Increase in other assets	(1,001)	(257)
	Cash generated from/(used) in operations	(1,196)	1,108
	Direct taxes paid (net of refunds)	(1,290)	(449)
	Net cash flow generated from/(used) in operating activities	(2,486)	659
II	Cash flows from investing activities		
	Purchase of property, plant and equipment	(5,789)	(3,818)
	Purchase of intangible assets	(63)	(30)
	Proceeds from sale of property, plant and equipment	5	–
	Purchase of equity shares of subsidiary	(10,810)	–
	Proceeds from sale of current investments	16,661	–
	Purchase of investments	(16,644)	–
	Proceeds from sale of investments in fellow subsidiary	–	1,137
	Payment towards business combinations [refer note 28]	(7,675)	–
	Interest received	3	–
	Net cash flow used in investing activities	(24,312)	(2,711)
III	Cash flows from financing activities		
	Proceeds from issuance of preference shares	17,864	–
	Proceeds from issuance of equity shares (net of expenses)	5,294	–
	Proceeds from long-term borrowings	3,090	3,986
	Repayment of long-term borrowings	(413)	(1,616)
	Payments of lease liabilities	(412)	–
	Proceeds/ (repayment) of short-term borrowings (net)	2,657	–
	Interest paid	(194)	(28)
	Net cash flow generated from financing activities	27,886	2,342
IV	Net increase in cash and cash equivalents (I + II + III)	1,088	290
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	29	4
V	Cash and cash equivalents at the beginning of the year	423	129
VI	Cash and cash equivalents at the end of the year (IV + V)	1,540	423

Statement of Cash Flows for the year ended March 31, 2020 *(contd.)*

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

	Year ended March 31, 2020	Year ended March 31, 2019
Reconciliation of cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents (Note 11)		
Balances with banks - on current accounts	1,540	419
Deposits with original maturity of less than 3 months	–	4
Balance as per statement of cash flows	**1,540**	**423**

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

	Opening balance April 1, 2019	Cash flows	Non-cash movement	Closing balance March 31, 2020
Long-term borrowings (including current maturities)	3,487	20,954	79	24,520
Short-term borrowings	–	2,657	76	2,733
Interest accrued but not due	34	(8)	–	26
Total liabilities from financing activities	**3,521**	**23,603**	**155**	**27,279**

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Kiran Mazumdar-Shaw
Chairperson & Director
DIN: 00347229

Dr. Christiane Hamacher
Managing Director & Chief Executive Officer
DIN: 07822113

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020

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Notes to the standalone financial statements for the year ended March 31, 2020

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

1. Company Overview

1.1 Reporting entity

Biocon Biologics India Limited ("BBIL" or "the Company"), a subsidiary of Biocon Limited, was incorporated on June 8, 2016 under the Companies Act, 2013 as a public limited company. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company is engaged in manufacture and development of pharmaceutical formulations.

Consequent to the approvals received from the Board of Directors on October 26, 2017 and from the shareholders on November 21, 2017, the Company has acquired the business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 [refer note 28(a)].

Also, consequent to the approval received from the Company's Board of Directors on June 17, 2019, the Company acquired Branded Formulations (BFI) business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 [refer note 28 (a)].

On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement ("the Scheme") for merger of Biocon Research Limited ("BRL" or "the Transferor") with the Company ("the Transferee") under Section 230 to 232 of Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019 [refer note 28 (b)].

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 basis of relevant Ind AS notwithstanding the fact that it has net current liabilities position of ₹ 12,607 as at March 31, 2020 primarily on account of classification of preference shares issued to Holding Company as financial liabilities. The Holding Company undertakes to provide sufficient financial support to the Company for a foreseeable future to enable it to meet its obligation as they fall due. These standalone financial statements were authorised for issuance by the Company's Board of Directors on May 13, 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;
- 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 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 32 — Financial instruments;
- Note 2(b), 2(c) and 2(d) — Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(n) — Lease classification;
- Note 31 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 2(l), 30 and 34 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets.
- Note 2(j) and 19 — Revenue recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time;

1.3 Assumptions and estimation uncertainties

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

— Note 2(g)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;

— Note 7 and 30 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 31 – measurement of defined benefit obligation: key actuarial assumptions;

— Note 32 – impairment of financial assets; and

— Note 14 and 34 – 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 32 – financial instruments.

2 Significant accounting policies

a. Financial instruments

i. *Recognition and initial measurement*

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

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

ii. *Classification and subsequent measurement*

Financial assets

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

— amortised cost;

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

— FVOCI – equity investment; or

— FVTPL

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 32 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 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 or 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 or 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 profit or loss.

vi. *Cash and cash equivalents*

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

vii. *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 an item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit 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 finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is 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 years	30 years
Roads	5 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years 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. 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	3-5 years
— Marketing and Manufacturing rights	5-10 years
— Developed technology rights	5-10 years

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

d. 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.

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

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.

Business combinations – common control transaction

Business combination involving entities that are controlled by the group is accounted for at carrying value. No adjustments are made to reflect the fair values, or recognise any new assets or liabilities except to harmonise accounting policies. The financial information in the standalone financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the standalone financial statements, irrespective of the actual date of combination. The identity of the reserves are preserved and the reserves of transferor becomes the reserves of the transferee.

The difference, if any between the amounts recorded as share capital issued plus any additional consideration in the form of cash and the amounts of share capital of the transferor is transferred to amalgamation adjustment reserves and is presented separately from other capital reserves.

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.

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

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

g. Impairment

i. *Impairment of financial assets*

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

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

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 CGU exceeds its estimated recoverable amount in the statement of profit and loss.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating 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 goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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. Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised 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, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as 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.

For contracts with distributors, no sales are recognised when goods are physically transferred to the distributor under a consignment arrangement, or if the distributor acts as an agent. In such cases, sales are recognised when control over the goods transfers to the end-customer, and distributor's commissions are presented within marketing and distribution.

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

ii. *Milestone payments and out licensing arrangements*

The Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Company recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of Ind-AS 115'Revenues from Contracts with Customers, is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.

The Company recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Company expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

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.

iii. *Research services*

In respect of research services involving 'time and materials' contracts, research fee are recognised as services are rendered, in accordance with the terms of the contracts. The rates charged to customers are arrived at a cost plus markup basis as per the terms of the agreement with each customer.

iv. *Royalty income and profit share*

The Royalty income and profit share earned through a License or collaboration partners is recognised as the underlying sales are recorded by the Licensee or collaboration partners.

v. *Sales Return Allowances*

The Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Company's estimate of expected sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.

vi. *Dividends*

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

vii. *Contribution received from customers/co-development partners towards plant and equipment*

Contributions received from customers/co-development partners towards items of property, plant and equipment which require an obligation to supply goods 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.

viii. *Interest income and expense*

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

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. Government grants, which are revenue in nature are either recognised as income or deducted in reporting the related expense based on the terms of the grant, as applicable.

l. 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.

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;

— 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 a lessee

The Company assesses whether a contract contains a lease, at inception of a 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 assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

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

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

Transition

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 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 March 31, 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. Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

q. Recent Indian Accounting Standards (Ind AS)

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

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

	Buildings	Leasehold improvements	Plant and equipment [Refer note (a)]	Research and development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
Gross carrying amount								
At April 01, 2018	–	–	–	–	–	–	–	152
On account of business combination	10	3	4,900	961	101	3	5,978	2,872
Additions	2	–	2,264	236	17	5	2,524	5,472
Disposals/transfers	–	–	–	–	–	–	–	(2,524)
At March 31, 2019	**12**	**3**	**7,164**	**1,197**	**118**	**8**	**8,502**	**5,972**
Additions	–	14	817	363	18	17	1,229	6,783
Disposals/transfers	–	–	–	–	–	(6)	(6)	(1,229)
At March 31, 2020	**12**	**17**	**7,981**	**1,560**	**136**	**19**	**9,725**	**11,526**
Accumulated depreciation								
At April 01, 2018	–	–	–	–	–	–	–	–
On account of business combination	3	3	2,926	668	61	–	3,661	–
Depreciation for the year	1	–	530	97	14	1	643	–
At March 31, 2019	**4**	**3**	**3,456**	**765**	**75**	**1**	**4,304**	**–**
Depreciation for the year	–	1	608	113	13	3	738	–
Disposals	–	–	–	–	–	(1)	(1)	–
At March 31, 2020	**4**	**4**	**4,064**	**878**	**88**	**3**	**5,041**	**–**
Net carrying amount								
At March 31, 2019	8	–	3,708	432	43	7	4,198	5,972
At March 31, 2020	**8**	**13**	**3,917**	**682**	**48**	**16**	**4,684**	**11,526**

(a) Plant and equipment includes computer and office equipment.

(b) Capital work-in-progress primarily comprises of the Biologics manufacturing unit being set up in India.

(c) Details on security on certain property, plant and equipment refer note 13.

(d) Borrowing cost capitalised during the year amounted to ₹ 504 (March 31, 2019: ₹ 27).

(e) Refer note 28 for common control business combinations during the year.

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3 (b). Right-of-use assets

	Land	Buildings	Plant & machinery	Total
Gross carrying amount				
At April 01, 2019	–	–	–	–
Additions	53	1297	1,064	2414
At March 31, 2020	**53**	**1,297**	**1,064**	**2,414**
Accumulated depreciation				
At April 01, 2019	–	–	–	–
Depreciation for the year*	5	156	160	321
At March 31, 2020	**5**	**156**	**160**	**321**
Net carrying amount				
At March 31, 2019	–	–	–	–
At March 31, 2020	**48**	**1,141**	**904**	**2,093**

*includes ₹ 14 capitalised during the year ended March 31, 2020

4. Intangible assets

	Computer software
Gross carrying amount	
At April 01, 2018	–
On account of business combination	71
Additions	30
At March 31, 2019	101
Additions	63
At March 31, 2020	**164**
Accumulated amortisation	
As at April 01, 2018	–
On account of business combination	43
Amortisation for the year	15
At March 31, 2019	58
Amortisation for the year	21
At March 31, 2020	**79**
Net carrying amount	
At March 31, 2019	43
At March 31, 2020	**85**

	March 31, 2020	March 31, 2019
5. Non-current investments		
Unquoted equity instruments		
In subsidiary company at cost:		
Biocon Biologics Limited, UK - 116,771,297 (March 31, 2019: Nil) equity shares of GBP 1 each	10,810	–
	10,810	–
Aggregate value of unquoted investments	10,810	–
Aggregate provision for diminution in value of investments	–	–

	March 31, 2020	March 31, 2019
6. Other financial assets		
(a) Non-current		
Deposits	26	10
	26	**10**
(b) Current		
Other receivables from related parties (considered good - Unsecured) [Refer note 29]	65	27
	65	**27**
7. Deferred tax assets (net)		
Deferred tax liability		
Property, plant and equipment and intangible assets	–	5
Gross deferred tax liability	**–**	**5**
Deferred tax assets		
MAT credit entitlement	555	375
Employee benefit obligations	69	20
Allowance for doubtful debts	8	9
Property, plant and equipment and intangible assets	50	–
Derivative liability	17	–
Deferred revenue	29	24
Lease obligation	36	–
Others	40	40
Gross deferred tax assets	**804**	**468**
Net deferred tax asset	**804**	**463**
8. Other assets		
(a) Non-current		
Capital advances	380	153
Duty drawback receivable	39	19
Balances with statutory/government authorities	86	17
Prepayments	103	70
	608	**259**
(b) Current		
Advance to suppliers	184	53
Export incentive receivable	356	186
Balances with statutory/government authorities	459	95
Prepayments	188	28
	1,187	**362**
9. Inventory		
Raw materials, including goods-in-bond*	1,103	492
Packing materials	712	629
Work-in-progress	1,812	1,549
Finished goods	1,557	1,005
Traded goods	244	209
	5,428	**3,884**

*includes goods in-transit ₹ 17 (March 31, 2019: ₹ 34)

Write-down of inventories to net realisable value amounted to ₹ 257 (March 31, 2019: Nil). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

	March 31, 2020	March 31, 2019
10. Trade receivables		
Current		
(a) Trade receivables considered good - Unsecured [refer note 29]	9,192	2,797
(b) Trade receivables - credit impaired	26	32
	9,218	**2,829**
Allowance for credit loss	(26)	(32)
	9,192	**2,797**
The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 32.		
11. Cash and cash equivalents		
Balances with banks:		
On current accounts	1,540	419
Deposits with original maturity of less than 3 months	–	4
Total cash and cash equivalents	1,540	423

(a) The Company has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2020	March 31, 2019
12(a). Share capital		
Authorised		
1,050,050,000 (March 31, 2019: 50,050,000) equity shares of ₹ 10 each (March 31, 2019: ₹ 10 each)	10,501	501
2,000,000,000 (March 31, 2019: 75,000,000) preference shares of ₹ 10 each (March 31, 2019: ₹ 10 each)	20,000	750
Issued, subscribed and fully paid-up share capital		
206,043,983 (March 31, 2019: 45,718,520) equity shares of ₹ 10 each	2,060	457
705,420,000 (March 31, 2019: Nil) Non convertible redeemable preference shares ("NCRPS") of ₹ 10 each	7,054	–
1,081,000,000 (March 31, 2019: Nil) Optionally convertible redeemable preference shares ("OCRPS") of ₹ 10 each	10,810	–
	19,924	**457**
Less : Preference share capital classified as a financial liability	(17,864)	–
Equity share capital	2,060	457

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

(a) Equity shares	March 31, 2020		March 31, 2019	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	45,718,520	457	50,000	1
Issued during the year	160,325,463	1,603	45,668,520	456
Outstanding at the end of the year	206,043,983	2,060	45,718,520	457

(b) Non convertible redeemable preference shares	March 31, 2020		March 31, 2019	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	–	–	–	–
Issued during the year	705,420,000	7,054	–	–
Outstanding at the end of the year	705,420,000	7,054	–	–

(c) Optionally convertible redeemable preference shares	March 31, 2020		March 31, 2019	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	–	–	–	–
Issued during the year	1,081,000,000	10,810	–	–
Outstanding at the end of the year	**1,081,000,000**	**10,810**	**–**	**–**

(ii) Terms/ rights attached to

(a) Equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

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

(b) Non convertible redeemable preference shares

(i) The tenure of the NCRPS shall be 10 years.

(ii) The Company or NCRPS holder shall have the option to redeem the NCRPS at any time during the tenure of the NCRPS. If the Company or holder of NCRPS exercises such option of early redemption, the NCRPS shall be redeemable at its face value.

(iii) The holder of the NCRPS shall be entitled to preferential dividend of 8.3% per annum on the face value of the NCRPS as may be mutually decided between the Company and the NCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.

(iv) Until redemption of the NCRPS, the NCRPS holder shall have priority of payment of dividend over the equity shareholders.

(c) Optionally convertible redeemable preference shares

(i) The tenure of the OCRPS shall be 10 years.

(ii) The Company shall have the option to redeem the OCRPS at any time during the tenure of the OCRPS at its face value. The OCRPS shall become redeemable at its face value at the end of the tenure.

(iii) The OCRPS holder shall have the option to convert the OCRPS into equity shares of the Company at any time during the tenure of the OCRPS at a ratio based on fair value or face value of the equity shares as on the date of exercise of the option whichever is higher.

(iv) The holder of the OCRPS shall be entitled to preferential dividend of 3% per annum on the face value of the OCRPS as may be mutually decided between the Company and the OCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.

(v) Until redemption of the OCRPS, the OCRPS holder shall have priority of payment of dividend over the equity shareholders.

(d) The aforesaid preference shares are convertible / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been classified as financial liability and disclosed at its fair value which is equivalent to the face value. Also refer note 13.

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

	March 31, 2020		March 31, 2019	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid				
Biocon Limited, the Holding Company (including shares held through nominees)	197,943,520	96.07%	44,805,424	98.00%
NCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	705,420,000	100.00%	–	–
OCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	1,081,000,000	100.00%	–	–

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

(iv) The shareholders at their extra-ordinary general meeting held on January 6, 2020 approved to increase the authorised equity share capital from 50,050,000 equity shares of ₹ 10 each to 1,050,050,000 equity shares of ₹ 10 each.

(v) The shareholders at their extra-ordinary general meeting held on May 28, 2019 approved to increase the authorised preference share capital from 75,000,000 preference shares of ₹ 10 each to 2,000,000,000 preference shares of ₹ 10 each.

(vi) The Company on January 21, 2020 allotted 5,025,463 equity shares of ₹ 10 each at an issue price of ₹ 1,067 to Activ Pine LLP, on a private placement basis.

(vii) Pursuant to the Scheme of amalgamation between the Company and Biocon Research Limited, the Board of Directors on March 27, 2020 allotted 155,300,000 equity shares of ₹ 10 each to the shareholders of Biocon Research Limited. These shares were issued for consideration other than cash.

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.

Amalgamation adjustment reserve

The amalgamation adjustment reserve is created to account for business combinations of entities under common control.

Retained earnings

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

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.

Cash flow hedging reserve

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

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	March 31, 2020	March 31, 2019
13. Long-term borrowings		
Loans from banks (secured)		
Term loan [refer note (a) below]	5,650	2,565
Other loans and advances (unsecured)		
Non convertible redeemable preference shares [refer note 12(a)(ii)(b)]	7,054	–
Optionally convertible redeemable preference shares [refer note 12(a)(ii)(c)]	10,810	–
Loan from the Holding Company [refer note (b) below, also refer note 29]	1,006	922
	24,520	3,487
Less: Amount disclosed under the head "other current liabilities" [refer note 18]	(18,870)	(922)
	5,650	2,565

(a) During the year ended March 31, 2019, the Company had an external commercial borrowing facility of USD 75 million with a carrying amount of ₹ 5,650 (March 31, 2019: 2,565) from MUFG Bank Limited. The long-term loan is repayable in 3 annual instalments commencing from April 2024 and carries an interest rate of LIBOR + 1% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed facility for the manufacturing of pharmaceuticals.

As per the terms of the borrowings, with the exception of a short-term inter-company loan to the Company in an amount below USD 10 millions, the Company shall ensure (and procure) that any other rights which a shareholder has or may have against the Company (including, but not limited to, any shareholder loan, preference shares and/or any inter-company loans/fixed maturity investments) shall be fully subject and subordinate to the rights of the MUFG Bank Limited under any of the finance documents.

(b) The Company has obtained an unsecured loan facility from Biocon Limited, at prevailing market rate of interest. The maximum amount of loan outstanding during the period was ₹ 1,478 (March 31, 2019: ₹ 2,140)

(c) The Company has met all the covenants under the above borrowings as at March 31, 2020.

(d) The Company's exposure to liquidity, interest rate and currency risks are disclosed in note 32.

	March 31, 2020	March 31, 2019
14. Provisions		
(a) Non-Current		
Provision for employee benefits		
Gratuity [refer note 31]	227	172
	227	172
(b) Current		
Provision for employee benefits		
Gratuity [refer note 31]	28	22
Compensated absences	190	116
Provision for sales return	136	136
	354	274

	Gratuity	Compensated absences	Sales return
(i) Movement in provisions			
Opening Balance	194	116	136
Provision recognised/(utilised) during the year	61	74	-
Closing Balance	255	190	136

	March 31, 2020	March 31, 2019
15. Other liabilities		
(a) Non-current		
Deferred revenues	975	713
	975	713
(b) Current		
Advance from customers	28	5
Statutory taxes and dues payable	123	33
Deferred revenues	122	116
	273	154
16. Short-term borrowings		
From banks		
Packing credit foreign currency loan (unsecured) [refer note below]	2,733	–
	2,733	–
The Company has obtained foreign currency denominated short-term unsecured pre-shipment credit loans from HDFC Bank Limited, Standard Chartered Bank and Axis Bank Limited that carries interest rate ranging from LIBOR+0.55% to LIBOR+2.0%. The loans are repayable after the end of 6 months from the date its origination.		
17. Trade payables		
Trade payables		
- Total outstanding dues of micro and small enterprises [refer note (a) below]	98	46
- Total outstanding dues of creditors other than micro and small enterprises	5,015	2,654
	5,113	2,700
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year		
Principal amount due to micro and small enterprises	98	47
Interest due on the 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	173	148
(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	3	3
(iv) The amount of interest accrued and remaining un-paid at the end of each accounting year	1	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	8	4

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers. the amounts are not presented since they are rounded off to Rupees million.

All the trade payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 32.

	March 31, 2020	March 31, 2019
18. Other financial liabilities		
Current		
Current maturities of long-term borrowings [refer note 13]	18,870	922
Interest accrued but not due	26	34
Payables for capital goods	2,305	1,611
Liability towards common control business combination [refer note 28]	–	7,675
	21,201	10,242

	Year ended March 31, 2020	Year ended March 31, 2019
19. Revenue from operations		
Sale of products		
Finished goods	11,102	7,999
Traded goods	1,546	1,561
Sale of services		
Research fees	3,484	2,139
Other operating revenue		
Export incentives	78	120
Sale of process waste	10	9
Others [refer note (a) below]	1,468	1,424
	17,688	13,252

(a) Others include processing charges and cross charge of facilities by the Company to its group companies.

	Year ended March 31, 2020	Year ended March 31, 2019
19.1 Disaggregated revenue information		
Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Revenues By Geography		
Revenues from contracts with customers		
India	5,443	6,285
United Kingdom	7,112	2,447
Rest of the world	3,577	2,967
	16,132	11,699
Revenue from other sources		
Other operating revenue	1,556	1,553
	1,556	1,553
Total revenue from operations	17,688	13,252
Geographical revenue is allocated based on the location of the customers.		
19.2 Changes in contract liabilities: deferred revenue and advance from customers		
Balance at the beginning of the year	834	739
Add:- Increase due to invoicing during the year	413	211
Less:- Amounts recognised as revenue during the year	(122)	(116)
Balance at the end of the year	1,125	834
Expected revenue recognition from remaining performance obligations:		
- Within one year	150	121
- More than one year	975	713
	1,125	834

	Year ended March 31, 2020	Year ended March 31, 2019
19.3 Contract balances		
Trade receivables	9,192	2,797
Contract liabilities	1,125	834
Trade receivables are non-interest bearing. Contract liabilities include deferred revenues and advance from customers.		
19.4 Performance obligation:		
In relation to information about Company's performance obligations in contracts with customers [refer note 2(j)].		
20. Other income		
Interest income on bank deposits	3	–
Net gain on sale of current investments	17	–
Foreign exchange gain, net	105	194
Other non-operating income	98	5
	223	199
21. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,121	800
Add: Purchases	5,876	5,041
Less: Inventory at the end of the year	(1,815)	(1,121)
	5,182	4,720
22. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	209	199
Finished goods	1,005	1,076
Work-in-progress	1,549	708
	2,763	1,983
Inventory at the end of the year		
Traded goods	244	209
Finished goods	1,557	1,005
Work-in-progress	1,812	1,549
	3,613	2,763
	(850)	(780)
23. Employee benefits expense		
Salaries, wages and bonus	3,227	2,434
Contribution to provident and other funds	163	141
Gratuity [refer note 31]	41	26
Employee stock compensation expense [refer note 37]	180	112
Staff welfare expenses	118	111
	3,729	2,824

	Year ended March 31, 2020	Year ended March 31, 2019
24. Finance costs		
Interest expenses on financial liabilities	112	99
Interest expenses on lease liabilities [refer note 27]	209	–
	321	99
25. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3(a)]	738	643
Amortisation of intangible assets [refer note 4]	21	15
Depreciation charge for the right-of-use assets [refer note 3(b)]	307	–
	1,066	658
26. Other expenses		
Royalty and technical fees	35	23
Rent	9	62
Communication expenses	6	10
Power and fuel	786	550
Repairs and maintenance		
Plant and machinery	347	356
Building	83	95
Others	124	75
Selling expenses		
Freight outwards and clearing charges	199	165
Sales promotion expenses	319	401
Commission and brokerage (other than sole selling agents)	82	84
Lab consumables	968	744
Professional charges	908	36
Payment to auditors [refer note (a) below]	7	2
Rates, taxes and fees	54	40
Travelling and conveyance	322	209
Research and development expenses	237	393
Printing and stationery	16	6
Provision/(reversal) for doubtful debts, net	(6)	6
Directors' fees including commission	8	–
Insurance	1	–
Miscellaneous expenses	54	27
	4,559	3,284

(a) Subsequent to slump sale [refer note 28], Biocon Limited provides support service to the Company. Other expenses of ₹ 4,559 for the year ended March 31, 2020 includes ₹ 662 towards support services. On a comparable basis for the year ended March 31, 2019, other expenses would have been ₹ 4,174 had the Company availed such support services.

(b) Payment to auditors:		
As auditor:		
Statutory audit fee	6	2
Tax audit fee [refer note (b) below]	–	–
In other capacity:		
Other services (certification fees) [refer note (b) below]	–	–
Reimbursement of out-of-pocket expenses	1	–
	7	2

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

27. Leases

The Company has entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the year of 2029. Gross payment for the year aggregate to ₹ 412.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 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 standard resulted in recognition of Right of use-assets (ROU) of ₹ 6 and a lease liability of ₹ 9, net of tax. The cumulative effect of applying the standard resulted in ₹ 3 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 followings is the movement in the lease liability during the year ended March 31, 2020

Particulars	Land	Building	Plant & machinery	Total
Balance at the begining	–	–	–	–
Additions during the year	53	1,298	1,064	2,415
Finance cost accrued during the year*	5	113	98	216
Payment of lease liabilities	(7)	(201)	(204)	(412)
Balance as at the end	**51**	**1,210**	**958**	**2,219**

*includes ₹ 7 capitalised during the year ended March 31, 2020

The following is the breakup of current and non current lease liability as at March 31, 2020	
Current lease liabilities	254
Non current lease liabilities	1,965
The table below provides details regarding the contractual maturities of lease liabilities as on March 31, 2020, on an undiscounted basis:	
Less than one year	476
One to five years	1,872
More than five years	868
Total	3,216
The following are the amounts recognised in Profit or loss for the year ended March 31, 2020	
Depreciation expenses on right of use-assets	307
Interest expenses on lease liabilities	209
Short term lease payment [refer note (i) below]	9
Total	525

(i) The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

28. Business combinations under common control

The Company as a part of restructuring has acquired the followings :

(a) Business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 for a consideration of ₹ 7,054.

Branded Formulations business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 for a consideration of ₹ 621.

Above transactions are referred to as "Slump Sale".

(b) On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement for merger of Biocon Research Limited ("BRL") with the Company under Companies Act, 2013. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019.

The consideration for acquisition of BRL was 3,106 fully paid equity shares of ₹ 10 each for every 10 equity shares of Re 1 each held in the BRL, resulting in issue of 155,300,000 equity shares of ₹ 10 each by the Company to the shareholders of BRL."

Summary of consideration and the value of net identifiable assets acquired

Particulars	Slump sale	BRL	Total
Net asset acquired	7,613	1	7,614
Consideration	7,675	1,553	9,228
Amalgamation adjustment	(62)	(1,552)	(1,614)

The current and previous year numbers have been presented on a as if pooling basis to reflect the effects of these common control business combinations from the first day of earliest period presented. The details of the key captions of Balance Sheet as at March 31, 2019 and Statement of profit and loss as at and for the year ended March 31, 2019 and March 31, 2020 for the aforesaid business acquired is disclosed below:

Balance Sheet	March 31, 2019
Non-current assets	7,043
Current assets	7,399
Other equity	1,352
Non-current liabilities	881
Current liabilities	12,209

Statement of profit and loss	For the period April 01, 2019 till the date of Slump sale (refer note a)	Year ended March 31, 2019 (refer note b)
Total income	1,837	13,394
Total expenses	1,841	11,406
Profit before tax	(4)	**1,988**
Total tax expense	71	227
Profit for the year	(75)	**1,761**
Other comprehensive income for the year, net of tax	–	(20)
Total comprehensive income for the year, net of tax	(75)	**1,741**

(a) Includes Slump sale transactions

(b) Includes Slump sale and BRL transactions.

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29. Related party disclosures:

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable	April 1, 2018 to March 31, 2019 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2019 (Payable)/ Receivable
1	Biocon Limited	Holding Company	Expenses incurred by related party on behalf of the Company	94	–	8	–
			Professional charges	662	–	1	–
			Research fees	(231)	–	(582)	–
			Cross charges towards facility and other expenses	(109)		–	–
			Sale of goods	(729)	–	–	–
			Royalty income	(2)	–	–	–
			Payment of leases	192	–	55	–
			Power and fuel	930	–	56	–
			Staff welfare expenses towards canteen charges	29	–	5	–
			Royalty expense	14	–		
			Share based payments to employees	170	–	36	–
			Purchase of goods	1,248	–	–	–
			Other receivables	–	14	–	14
			Issue of equity shares	–	–	(457)	–
			Issue of preference shares	(17,864)	–	–	–
			Purchase of equity shares of Biocon Biologics Limited	10,810	–	–	–
			Acquisition of business undertakings	7,675	–	–	–
			Funding paid towards property plant and equipment	56	–	–	–
			Sale of capital work-in-progress	–	–	14	–
			Sale of scrips	–	–	(33)	–
			Trade payables	–	(1,283)	–	(239)
			Trade receivables	–	539	–	–
			Loan from Holding company, net	84	(1,006)	1,121	(922)
			Interest on long-term borrowings	81	(18)	115	(23)
			Guarantee given by related party to a bank on behalf of the Company	(5,818)	(8,383)	–	(2,565)

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable	April 1, 2018 to March 31, 2019 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2019 (Payable)/ Receivable
2	Biocon Biologics Limited	Subsidiary	Research fees	(2,401)	–	(899)	–
			Cross charges towards facility and other expenses	(1,719)		(1,285)	–
			Expenses incurred on behalf of the related party	(51)	–	–	–
			Sale of goods	(4,709)	–	(1,677)	–
			Licensing and development fees	(2)	–	(2)	–
			Trade receivables	–	6,685	–	721
			Trade payables	–	–	–	(4)
3	Biocon SDN BHD	Subsidiary	Expenses incurred on behalf of the related party	(1)	–	–	–
			Research fees	(768)	–	(655)	–
			Cross charges towards facility and other expenses	(223)	–	(253)	–
			Sale of goods	(250)	–	(258)	–
			Expenses incurred by related party on behalf of the Company	2	–		
			Purchase of goods	211	–	811	–
			Other receivables	–	–	–	13
			Trade receivables	–	1,002	–	843
			Trade payables	–	(97)	–	(227)
4	Biocon Healthcare SDN BHD	Subsidiary	Expenses incurred by related party on behalf of the Company	1		–	–
			Trade payables		(1)	–	–
5	Syngene International Limited	Fellow subsidiary	Research and development expenses	161	–	243	–
			Expenses incurred by related party on behalf of the Company	6	–	–	–
			Sale of goods	(0)	–	(1)	–
			Expenses incurred on behalf of the related party	(56)			
			Funding paid towards property plant and equipment	–	–	67	–
			Utility expense	5			
			Payment for leases	76	–	–	–
			Trade payables	–	(101)	–	(302)
			Other receivables		51		

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable	April 1, 2018 to March 31, 2019 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2019 (Payable)/ Receivable
6	Bicara Therapeutics Inc.	Fellow subsidiary	Research fees	(82)	–	–	–
			Cross charges towards facility and other expenses	(3)	–	–	–
			Trade receivables	–	87	–	–
7	Biocon FZ LLC	Fellow subsidiary	Professional charges	30	–	–	–
			Trade payables	–	(21)	–	–
8	Biocon SA	Fellow subsidiary	Research fees	–	–	(1)	–
			Trade receivables	–	–	–	–
9	Biocon Foundation	Fellow subsidiary	Expenses incurred on behalf of the related party	(1)	–	–	–
			Trade receivables	–	2	–	–
10	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges	15	–	5	–
			Trade payables	–	(0)	–	–
11	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods/other products	(70)	–	(83)	–
			Trade receivables	–	11	–	3
12	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (e) & (f) below]	73	–	5	–
			Sitting fees and remuneration	8	–	–	–
			Other payables	–	3	–	–

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

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

(c) The loan from holding company is presented net of repayments due to multiple transactions

(d) Key managerial personnel include

(i) Dr. Christiane Hamacher, Managing Director & Chief Executive Officer (CEO w.e.f March 01, 2019 and Managing Director w.e.f. October 11, 2019)

(ii) M.B. Chinappa, Chief Financial Officer (w.e.f January 06, 2020)

(iii) Mayank Verma, Company Secretary (w.e.f. August 1, 2019)

(iv) Kiran Mazumdar Shaw, Chairperson and Non-executive director

(v) Bobby Kanubhai Parikh, Independent director (w.e.f. August 1, 2019)

(vi) Nivruti Rai, Independent director (w.e.f. August 1, 2019)

(vii) Arun Chandavarkar, Non-executive director

(viii) Russell Walls, Independent director

(ix) Daniel M Bradbury, Independent director (w.e.f. August 1, 2019)

(e) The remuneration to key management personnel doesn't include the provisions made for gratuity, compensated absences and bonus as these are made for the Company as a whole.

(f) Share based compensation expense allocable to key management personnel is ₹ 4 (March 31, 2019 - ₹ Nil), which is not included in the remuneration disclosed above.

(g) Fellow subsidiary companies and subsidiaries with whom the Company did not have any transactions:

(i) Biocon Academy, a subsidiary of Biocon Limited

(ii) Biocon Pharma Limited, a subsidiary of Biocon Limited

(iii) Biocon Pharma Ireland Limited, a subsidiary of Biocon Pharma Limited

(iv) Biocon Pharma UK Limited, a subsidiary of Biocon Pharma Limited

(v) Biocon Pharma Inc., a subsidiary of Biocon Pharma Limited

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

(vii) Biocon SA, a subsidiary of Biocon Limited

(viii) Syngene USA Inc., a subsidiary of Syngene International Limited

(ix) Biocon Biologics Inc., a subsidiary of Biocon Biologics Limited

30. Tax expense

	March 31, 2020	March 31, 2019
(a) Amount recognised in Statement of profit and loss		
Current tax	636	358
Deferred tax expense/(income) related to:		
MAT credit entitlement	(180)	(32)
Origination and reversal of temporary differences	(105)	(99)
Tax expense for the year	**351**	**227**
(b) Reconciliation of effective tax rate		
Profit before tax	3,234	2,019
Tax at statutory income tax rate 29.12% (March 31, 2019 - 29.12%)	942	588
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Exempt income and other deductions	(637)	(366)
Non-deductible expense	50	22
Others	(4)	(17)
Income tax expense	351	227

(c) 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 March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax liability					
Property, plant and equipment and intangible assets	5	(5)	–	–	–
Gross deferred tax liability	**5**	**(5)**	**–**	**–**	**–**
Deferred tax assets					
Defined benefit obligations	20	39	10	–	69
Allowance for doubtful debts	9	(1)	–	–	8
Property, plant and equipment and intangible assets	–	50	–	–	50
MAT credit entitlement	375	180	–	–	555
Derivative liability	–	–	17	–	17
Deferred revenue	24	5	–	–	29
Lease Obligation		36	–	–	36
Others	40	(29)	–	29	40
Gross deferred tax assets	**468**	**280**	**27**	**29**	**804**
	463	**285**	**27**	**29**	**804**

For the year ended March 31, 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax liability					
Property, plant and equipment and intangible assets	–	5	–	–	5
Gross deferred tax liability	**–**	**5**	**–**	**–**	**5**
Deferred tax assets					
Tax losses	17	(17)	–	–	–
Defined benefit obligations	12	8	–	–	20
Allowance for doubtful debts	–	9	–	–	9
Property, plant and equipment and intangible assets	2	(2)	–	–	–
MAT credit entitlement	161	32	–	182	375
Deferred Revenue	–	24	–	–	24
Others	–	82	–	(42)	40
Gross deferred tax assets	**192**	**136**	**–**	**140**	**468**
	192	**131**	**–**	**140**	**463**

31. Employee benefit plans

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement/termination age and does not have any maximum monetary limit for payments. The gratuity plan is a unfunded.

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:

	Net defined benefit obligation	
	March 31, 2020	March 31, 2019
Balance as at beginning of the year	194	126
Current service cost	28	17
Interest expense	13	9
Amount recognised in Statement of profit and loss	41	26
Remeasurements:		
Actuarial (gain)/loss arising from:		
Financial assumptions	17	4
Experience adjustment	20	38
Amount recognised in other comprehensive income	37	42
Liability transferred out	(5)	–
Benefits paid	(12)	–
Balance as at end of the year	255	194

	March 31, 2020	March 31, 2019
Non-current	227	172
Current	28	22
	255	194

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

	March 31, 2020	March 31, 2019
Interest rate	5.8%	7.0%
Discount rate	5.8%	7.0%
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 7 years (March 31, 2019: 7 years).

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

(iii) **Sensitivity analysis**

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

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(14)	16	(10)	11
Salary increase (1% change)	15	(14)	11	(10)
Attrition rate (1% change)	(4)	4	(2)	2

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

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	28
2nd Following year	34
3rd Following year	35
4th Following year	42
5th Following year	43
Years 6 to 10	219

32. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2020	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Investments#	–	–	10,810	10,810	–	–	–	–
Trade receivables	–	–	9,192	9,192	–	–	–	–
Cash and cash equivalents	–	–	1,540	1,540	–	–	–	–
Other financial assets	–	–	91	91	–	–	–	–
	–	–	21,633	21,633	–	–	–	–
Financial liabilities								
Borrowings	–	–	8,383	8,383	–	–	–	–
Lease liabilities	–	–	2,219	2,219	–	–	–	–
Trade payables	–	–	5,113	5,113	–	–	–	–
Derivative liability	–	57	–	57	–	57	–	57
Other financial liabilities	17,864	–	3,337	21,201	–	–	17,864*	17,864
	17,864	57	19,052	36,973	–	57	17,864	17,921

at Cost

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

	Carrying amount				Fair value			
March 31, 2019	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Trade receivables	–	–	2,797	2,797	–	–	–	–
Cash and cash equivalents	–	–	423	423	–	–	–	–
Other financial assets	–	–	37	37	–	–	–	–
	–	–	3,257	3,257	–	–	–	–
Financial liabilities								
Borrowings	–	–	2,565	2,565	–	–	–	–
Trade payables	–	–	2,700	2,700	–	–	–	–
Other financial liabilities	–	–	10,242	10,242	–	–	–	–
	–	–	15,507	15,507	–	–	–	–

B. Measurement of fair values

Derivative financial instruments are value based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

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

Particulars	March 31, 2020 Profit or (loss)		March 31, 2019 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Significant observable inputs				
Spot rate of the foreign currency (1% movement)	(38)	74	–	–

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

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

(ii) Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the balance sheet. The Company uses ageing analysis to monitor the credit quality of its receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The exposure to credit risk as at reporting date amounts to ₹ 26 (March 31, 2019: ₹ 32). There is no allowance for expected credit loss in respect of trade and other receivables during the year.

Allowance for Impairment	March 31, 2020	March 31, 2019
Opening Balance	32	26
Impairment loss recognised / (reversed)	(6)	6
Closing Balance	**26**	**32**

Receivable from customers of the Company's trade receivables is ₹ 7,687 (March 31, 2019 : ₹ 1,564) which is individually more than 10 percent of the Company's trade receivables.

Credit risk on cash and cash equivalents is limited as the Company generally transacts with Banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Ratings are monitored periodically and the Company has considered the latest available credit ratings in view of COVID-19 as at the date of approval of these financial statements.

(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.

NCRPS and OCRPS issued to Holding Company amounting to ₹ 17,864 with a tenure of 10 years has been disclosed under current maturities of long-term borrowings. Accordingly, no liquidity risk is perceived. In addition, the Company in its Extra-Ordinary General Meeting held on January 7, 2020 approved external borrowings upto USD 500 million (₹ 37,675). Also refer note 1.2(a) for support provided by the Holding Company.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	2,733	–	1,413	4,237	8,383
Lease liabilities	476	495	1,377	868	3,216
Trade payables	5,113	–	–	–	5,113
Other financial liabilities	21,201	–	–	–	21,201
Total	**29,523**	**495**	**2,790**	**5,106**	**37,913**

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	–	–	–	2,565	2,565
Trade payables	2,700	–	–	–	2,700
Other financial liabilities	10,242	–	–	–	10,242
Total	**12,942**	**–**	**–**	**2,565**	**15,507**

(iv) Market risk

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

Foreign currency risk

The Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

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

March 31, 2020	USD	EUR	Others	Total
Financial assets				
Trade Receivables	8,976	45	–	9,021
Cash and cash equivalents	671	23	–	694
Financial liabilities				
Long-term borrowings	(5,650)	–	–	(5,650)
Short-term borrowings	(2,733)	–	–	(2,733)
Derivative liabilities	(57)	–	–	(57)
Trade Payables	(856)	(504)	(36)	(1,396)
Other financial liabilities	(449)	(149)	(291)	(889)
Net assets / (liabilities)	**(98)**	**(585)**	**(327)**	**(1,010)**

March 31, 2019	USD	EUR	Others	Total
Financial assets				
Trade Receivables	2,149	3	–	2,152
Cash and cash equivalents	304	–	–	304
Other financial assets	13	–	–	13
Financial liabilities				
Long-term borrowings	(2,565)	–	–	(2,565)
Trade Payables	(588)	(130)	(19)	(737)
Other financial liabilities	(645)	(175)	(203)	(1,023)
Net assets / (liabilities)	**(1,332)**	**(302)**	**(222)**	**(1,856)**

Sensitivity analysis

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

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
INR/USD - Increase by 1%	–	(13)	(38)	(13)
INR/USD - Decrease by 1%	–	13	74	13
EUR Sensitivity				
INR/EUR - Increase by 1%	(6)	(3)	(6)	(3)
INR/EUR - Decrease by 1%	6	3	6	3

Derivative financial instruments

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

(in Million)

Particulars	March 31, 2020	March 31, 2019
European style forward contracts with periodical maturity dates	USD 24	–

Cash flow and fair value interest rate risk

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

(a) Interest rate risk exposure

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

Particulars	March 31, 2020	March 31, 2019
Variable rate borrowings	9,389	3,487
Fixed rate borrowings	17,864	–
Total borrowings	27,253	3,487

(b) Sensitivity

The Company policy is to maintain most of its 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.

33. 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 capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company focuses on keeping strong total capital base to ensure independence, security as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company has issued NCRPS and OCRPS to the Holding Company which are classified as financial liabilities in these financial statements. However, given the support letter provided by the Holding Company, the Company has considered these preference shares as part of its capital for the purpose of its capital management.

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 and preference shares will be balanced with efforts to continue to maintain an adequate liquidity status.

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

Particulars	March 31, 2020	March 31, 2019
Total equity	10,153	1,829
Preference share capital (NCRPS and OCRPS)	17,864	–
Total capital attributable to the shareholders of the Company (including NCRPS and OCRPS)	**28,017**	**1,829**
As a percentage of total capital	75%	34%
Long-term borrowings	6,656	3,487
Short-term borrowings	2,733	–
Total borrowings	**9,389**	**3,487**
As a percentage of total capital	25%	66%
Total capital (Equity capital, preference capital and borrowings)	**37,406**	**5,316**

34. Contingent liabilities and commitments

(to the extent not provided for)

	March 31, 2020	March 31, 2019
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	1,058	1,156
The above includes		
(i) Direct taxation	985	1,156
(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)	73	–
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.		
Other than the matter disclosed above, the Company is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. 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.		
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	2,614	2,861

35. Earnings per share (EPS)

	Year ended March 31, 2020	Year ended March 31, 2019
Earnings		
Profit for the year	2,883	1,792
Shares		
Basic outstanding shares	45,718,520	50,000
Add: Weighted average shares issued during the year	156,263,787	13,262,639
Add: Shares pending allotment	–	155,300,000
Weighted average shares used for computing basic EPS	**201,982,307**	**168,612,639**
Add: Effect of dilutive rights granted under OCRPS	8,021,697	–
Weighted average shares used for computing dilluted EPS	**210,004,004**	**168,612,639**
Earnings per share		
Basic (in ₹)	14.27	10.63
Diluted (in ₹)	13.73	10.63

36. Segmental reporting

The Chief Operating Decision Maker reviews the operations of the Company as Pharmaceutical business, which is considered to be the only reportable segment by the management. Hence, there are no additional disclosures to be provided under Ind AS 108 'Operating Segments'.

37. Employee stock compensation

The employees of the Company are eligible for shares under the Biocon Employee Stock Option Plan ('ESOP Plan 2000'), Biocon - Restricted Stock Units of Syngene International Limited ('RSU Plan 2015') and Biocon - Restricted Stock Units of Biocon Biologics India Limited ('RSU Plan 2019') (collectively "stock option plans") of Biocon Limited.

	March 31, 2020	March 31, 2019
Total number of options outstanding		
ESOP Plan 2000	9,333,008	5,200,961
RSU Plan 2015	387,249	336,431
RSU Plan 2019	844,375	975,285

The Company has recorded an amount of ₹ 180 (March 31, 2019: ₹ 112) as cost of the above stock option plans. The Company reimburses the cost to Biocon Limited. Current year options are post issue of bonus shares by Biocon Limited and Syngene International Limited.

38. Exceptional item

During year ended March 31, 2020, the Company has paid registration fees for increasing authorise share capital of the Company and stamp duty fees on issue of such shares, amounting to ₹ 38 is recorded as exceptional item.

39. 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. However, the Company does not meet the applicability threshold for the year ended March 31, 2020.

40. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year. The Company is required to update and put in place the information latest by the due date of filing its income tax return. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for tax.

41. 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.

42. The previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Kiran Mazumdar-Shaw
Chairperson & Director
DIN: 00347229

Dr. Christiane Hamacher
Managing Director & Chief Executive Officer
DIN: 07822113

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020

Independent Auditor's Report

To the Members of
Biocon Biologics India Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Biocon Biologics India Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries 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, and based on the consideration of report of other auditor on separate financial statements of a subsidiary as was audited by the other auditor, 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 accordance with the ethical requirements that are relevant to our audit of the consolidated financial statement 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 along with the consideration of audit report of the other auditor referred to in sub paragraph (a) of the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the Director's Report, but does not include the Consolidated Financial Statements and our Auditor's Report thereon

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' 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 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 is 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 the internal financial controls with reference to the consolidated financial statements in place and the operating effectiveness of such controls based on our audit
- 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. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, 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 entities included in the consolidated financial statements of which we are the independent auditors 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.

Other Matter

We did not audit the financial statements / financial information of a subsidiary , whose financial statements/financial information reflect total assets of ₹ 29,939 million as at 31 March 2020, total revenues of ₹ 2,740 million and net cash flows amounting to ₹ 11 million for the year ended on that date, as considered in the consolidated financial statements. This subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments, if any made by the Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1.A As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary as were audited by other auditor, as noted in the 'Other Matter' paragraph, 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 and the report of the other auditor.

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".

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of a subsidiary, as noted in the 'Other Matters' paragraph:

i. 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 35 to the consolidated financial statements.

ii. 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 31 to the consolidated financial statements in respect of such items as it relates to the Group.

iii. There are 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.

iv. 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.

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 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 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 No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABM6810

Place: Bengaluru
Date: 13 May 2020

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Annexure A to the Independent Auditors' report on the consolidated financial statements of Biocon Biologics India Limited for the period 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

(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 Biocon Biologics India 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's 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.

Auditors' 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 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 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 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 No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABM6810

Place: Bengaluru
Date: 13 May 2020

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Consolidated Balance Sheet as at March 31, 2020

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

	Note	March 31, 2020	March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3(a)	24,304	22,002
Capital work-in-progress	3(a)	11,965	6,659
Right-of-use assets	3(b)	2,093	–
Intangible assets	4	3,823	1,447
Intangible assets under development	4	5,796	6,057
Financial assets			
(i) Other financial assets	5(a)	187	14
Income tax assets (net)		941	264
Deferred tax assets (net)	6	1,261	864
Other non-current assets	7(a)	809	353
Total non-current assets		**51,179**	**37,660**
Current assets			
Inventories	8	7,864	5,300
Financial assets			
(i) Trade receivables	9	3,268	3,208
(ii) Cash and cash equivalents	10	2,719	2,260
(iii) Other financial assets	5(b)	3,820	2,857
Other current assets	7(b)	1,593	555
Total current assets		**19,264**	**14,180**
TOTAL		**70,443**	**51,840**
Equity and Liabilities			
Equity			
Equity share capital	11(a)	2,060	457
Other equity	11(b)	5,396	(1,831)
Total equity		**7,456**	**(1,374)**
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	12	15,703	14,425
(ii) Lease liabilities	26	1,965	–
(iii) Derivative liabilities		53	54
Provisions	13(a)	227	172
Deferred tax liabilities (net)	6	713	304
Other non-current liabilities	14(a)	7,756	5,853
Total non-current liabilities		**26,417**	**20,808**
Current liabilities			
Financial liabilities			
(i) Borrowings	15	3,211	706
(ii) Lease liabilities	26	254	–
(iii) Trade payables	16		
- Total outstanding dues to micro and small enterprises		98	46
- Total outstanding dues of creditors other than micro and small enterprises		7,079	6,986
(iv) Derivative liabilities		159	37
(v) Other financial liabilities	17	24,660	23,909
Provisions	13(b)	354	274
Income tax liabilities (net)		285	118
Other current liabilities	14(b)	470	330
Total current liabilities		**36,570**	**32,406**
TOTAL		**70,443**	**51,840**

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 Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Kiran Mazumdar-Shaw
Chairperson & Director
DIN: 00347229

Dr. Christiane Hamacher
Managing Director & Chief Executive Officer
DIN: 07822113

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020

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

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

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	18	23,055	18,955
Other income	19	265	248
Total income		**23,320**	**19,203**
Expenses			
Cost of raw materials and packing materials consumed	20	5,388	4,576
Purchases of traded goods		846	746
Change in inventories of finished goods, traded goods and work-in-progress	21	(1,215)	(1,290)
Employee benefits expense	22	5,044	3,875
Finance costs	23	828	546
Depreciation and amortisation expense	24	2,641	1,893
Other expenses	25	8,999	6,748
		22,531	**17,094**
Less: Recovery of cost from co-development partners (net)		(3,423)	(2,715)
Total expenses		**19,108**	**14,379**
Profit before tax, exceptional item		**4,212**	**4,824**
Exceptional items	39	(38)	–
Profit before tax		**4,174**	**4,824**
Tax expenses	29		
Current tax		980	559
Deferred tax			
MAT credit entitlement		(180)	(4)
Other deferred tax		201	(25)
Total tax expense		**1,001**	**530**
Profit for the year		**3,173**	**4,294**
Other comprehensive income ("OCI")			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement losses on defined benefit plans		(37)	(42)
Equity investments through OCI		–	22
Income tax effect		10	–
		(27)	**(20)**
(ii) Items that may be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(131)	(8)
Exchange difference on translation of foreign operations		783	(9)
Income tax effect		17	–
		669	**(17)**
Other comprehensive income for the year, net of tax		**642**	**(37)**
Total comprehensive income for the year		**3,815**	**4,257**
Earnings per share	36		
Basic (in ₹)		15.71	25.47
Diluted (in ₹)		15.11	25.47

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 Number: 101248W/W-100022

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Sampad Guha Thakurta
Partner
Membership No.: 060573

Kiran Mazumdar-Shaw
Chairperson & Director
DIN: 00347229

Dr. Christiane Hamacher
Managing Director & Chief Executive Officer
DIN: 07822113

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020

Bengaluru
May 13, 2020

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

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

(A) Ordinary equity share capital

	March 31, 2020	March 31, 2019
Opening balance	457	1
Shares issued during the year	1,603	456
Closing balance	**2,060**	**457**

(B) Other equity

	Equity portion of preference shares [refer note 11 and 12]	Securities Premium	Retained earnings	SEZ reinvestment reserve	Amalgamation adjustment [refer note 27]	Foreign currency translation reserve	Cash flow hedging reserves	Other items of other comprehensive income	Shares pending allotment [refer note 27]	Total other equity
Balance at April 01, 2018	–	–	(11)	–	–	–	–	–	–	(11)
Changes on account of business combinations [refer note 27]	766	–	(6,537)	–	(3,369)	790	(38)	758	1,553	(6,077)
Adjusted balance as April 01, 2018	766	–	(6,548)	–	(3,369)	790	(38)	758	1,553	(6,088)
Profit for the year	–	–	4,294	–	–	–	–	–	–	4,294
Other comprehensive income, net of tax	–	–	–	–	–	(9)	(8)	(20)	–	(37)
Total comprehensive income for the year	–	–	4,294	–	–	(9)	(8)	(20)	–	4,257
Balance at March 31, 2019	766	–	(2,254)	–	(3,369)	781	(46)	738	1,553	(1,831)
Adjustment pursuant to adoption of Ind AS 116, net of tax	–	–	(3)	–	–	–	–	–	–	(3)
Adjusted balance at March 31, 2019	766	–	(2,257)	–	(3,369)	781	(46)	738	1,553	(1,834)
Profit for the year	–	–	3,173	–	–	–	–	–		3,173
Other comprehensive income, net of tax	–	–	–	–	–	783	(114)	(27)	–	642
Total comprehensive income for the year	–	–	3,173	–	–	783	(114)	(27)	–	3,815
Transactions recorded directly in equity										
Changes on account of business combinations [refer note 27]	–	–	(1,126)	–	2,021	(715)	–	37	–	217
Shares pending allotment issued during the year	–	–	–	–	–	–	–	–	(1,553)	(1,553)
Premium received on issue of shares during the year	–	5,312	–	–	–	–	–	–	–	5,312
Share issue expenses incurred during the year	–	(68)	–	–	–	–	–	–	–	(68)
Dividend including dividend distribution tax	–	–	(493)	–	–	–	–	–	–	(493)
Transfer to Special Economic Zone ("SEZ") reinvestment reserve	–	–	(935)	935	–	–	–	–	–	–
Transfer from SEZ reinvestment reserve on utilisation	–	–	935	(935)	–	–	–	–	–	–
Balance at March 31, 2020	766	5,244	(703)	–	(1,348)	849	(160)	748	–	5,396

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 Number: 101248W/W-100022

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Sampad Guha Thakurta
Partner
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Bengaluru
May 13, 2020

Bengaluru
May 13, 2020

Statement of Consolidated Cash Flows for the year ended March 31, 2020

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

		Year ended March 31, 2020	Year ended March 31, 2019
I	Cash flows from operating activities		
	Profit for the year	3,173	4,294
	Adjustments to reconcile profit for the year to net cash flows:		
	Depreciation and amortisation expense	2,641	1,893
	Tax expense	1,001	530
	Finance costs	828	546
	Provision/(reversal) for doubtful debts, net	(6)	6
	Net gain on sale of current investments	(17)	–
	Unrealised foreign exchange loss / (gain)	116	(41)
	Interest income	(8)	(3)
	Exceptional item	38	–
	Operating profit before working capital changes	7,766	7,225
	Movements in working capital		
	Increase in inventories	(2,387)	(1,878)
	Decrease/(increase) in trade receivables	353	(1,085)
	Increase in trade payables, other liabilities and provisions	1,141	3,761
	Increase in other assets	(1,915)	(1,654)
	Cash generated from operations	4,958	6,369
	Direct taxes paid (net of refunds)	(1,464)	(584)
	Net cash flow generated from operating activities	3,494	5,785
II	Cash flows from investing activities		
	Purchase of property, plant and equipment	(7,162)	(4,328)
	Purchase of intangible assets	(1,873)	(2,491)
	Proceeds from sale of property, plant and equipment	5	–
	Purchase of investments	(16,644)	(70)
	Proceeds from sale of investments	16,661	1,137
	Purchase of equity shares of subsidiary	(10,810)	–
	Payment towards business combinations (refer note 27)	(7,675)	–
	Interest received	8	2
	Net cash flow used in investing activities	(27,490)	(5,750)
III	Cash flows from financing activities		
	Proceeds from issuance of preference shares	17,864	–
	Proceeds from issuance of equity shares (net of expenses)	5,294	–
	Proceeds from issuance of subsidiary equity shares	–	778
	Proceeds from long-term borrowings	3,090	3,986
	Repayment of long-term borrowings	(2,897)	(3,276)
	Payments of lease liabilities	(412)	–
	Proceeds from of short-term borrowings (net)	2,657	–
	Dividend paid	(493)	–
	Interest paid	(520)	(638)
	Net cash flow generated from financing activities	24,583	850
IV	Net increase in cash and cash equivalents (I + II + III)	587	885
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	100	31
V	Cash and cash equivalents at the beginning of the year	1,554	638
VI	Cash and cash equivalents at the end of the year (IV + V)	2,241	1,554

Statement of Consolidated Cash Flows for the year ended March 31, 2020 *(contd.)*

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

	Year ended March 31, 2020	Year ended March 31, 2019
Reconciliation of cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents (Note 10)		
Balances with banks - on current accounts	2,672	2,233
Deposits with original maturity of less than 3 months	47	27
	2,719	**2,260**
Cash credits (note 15)	(478)	(706)
Balance as per statement of cash flows	**2,241**	**1,554**

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

	Opening balance April 1, 2019	Cash flows	Non -cash movement	Closing balance March 31, 2020
Long-term borrowings (including current maturities)	17,768	18,057	1,777	37,602
Short-term borrowings	–	2,657	76	2,733
Interest accrued but not due	37	(11)	–	26
Total liabilities from financing activities	**17,805**	**20,703**	**1,853**	**40,361**

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 Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Kiran Mazumdar-Shaw
Chairperson & Director
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Managing Director & Chief Executive Officer
DIN: 07822113

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020

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Notes to the consolidated financial statements for the year ended March 31, 2020

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

1. Company Overview

1.1 Reporting entity

Biocon Biologics India Limited ("BBIL" or the "parent company" or "the Company"), a subsidiary of Biocon Limited, together with its subsidiaries (collectively, the "Group"), is engaged in manufacture and development of pharmaceutical formulations. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka.

Consequent to the approvals received from the Board of Directors on October 26, 2017 and from the shareholders on November 21, 2017, the Company has acquired the business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 [refer note 27 (B)].

Also, consequent to the approval received from the Company's Board of Directors on June 17, 2019, the Company acquired Branded Formulations (BFI) business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 [refer note 27 (B)].

On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement ("the Scheme") for merger of Biocon Research Limited ("BRL" or "the Transferor") with the Company ("the Transferee") under Section 230 to 232 of Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019 [refer note 27 (A)].

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.

These consolidated financial statements have been prepared for the Group as a going concern basis of relevant Ind AS notwithstanding the fact that it has net current liabilities position of ₹ 17,306 as at March 31, 2020 primarily on account of classification of preference shares issued to Holding Company as financial liabilities. The Holding Company undertakes to provide sufficient financial support to the Company for a foreseeable future to enable it to meet its obligation as they fall due. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 13, 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 subsidiaries whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

c) *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 financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the 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 31 — Financial instruments;
- Note 2(d), 2(e) and 2(f) — Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(p) — Lease whether as arrangement contains a lease;
- Note 30 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 2(n), 6 and 29 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets.
- Note 2(l) and 18 — Revenue Recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time;

1.3 Assumptions and estimation uncertainties

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

— Note 2(i)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;

— Note 6 and 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

– Note 30 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 31 – impairment of financial assets; and

— Note 13 and 35 – 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 31 – financial instruments.

2 Significant accounting policies

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries 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 subsidiaries have been changed where necessary to align them 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.

iii. Associates and joint arrangements (equity accounted investees)

The Group's interests in equity accounted investees comprise interests in associates and a joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income (OCI) of equity- accounted investees until the date on which significant influence or joint control ceases.

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 March 31, 2016.

ii. *Foreign operations*

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements) 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 and debt securities issued 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;

— Fair value through other comprehensive income (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 or FVOCI 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 as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 32 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 or 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 or 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 profit or loss.

vi. *Cash and cash equivalents*

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

vii. *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 an item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit 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 finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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
Roads	5-12 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-15 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3-5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years 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. 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	3-5 years
— Marketing and Manufacturing rights	5-10 years
— Developed technology rights	5-10 years

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

f. 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.

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

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.

Business combinations – common control transaction

Business combination involving entities that are controlled by the group is accounted for at carrying value. No adjustments are made to reflect the fair values, or recognise any new assets or liabilities except to harmonise accounting policies. The financial information in the consolidated financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of combination. The identity of the reserves are preserved and the reserves of transferor becomes the reserves of the transferee. The difference, if any between the amounts recorded as share capital issued plus any additional consideration in the form of cash and the amounts of share capital of the transferor is transferred to amalgamation adjustment reserves and is presented separately from other capital reserves.

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.

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

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

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 following:

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

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 CGU exceeds its estimated recoverable amount in the statement of profit and loss.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

The 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 goodwill is not subsequently reversed. In respect of other 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 Group.

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 Group 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. Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised 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, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as 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.

For contracts with distributors, no sales are recognised when goods are physically transferred to the distributor under a consignment arrangement, or if the distributor acts as an agent. In such cases, sales are recognised when control over the goods transfers to the end-customer, and distributor's commissions are presented within marketing and distribution.

The consideration received by the 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.

ii. *Milestone payments and out licensing arrangements*

The Group enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Group recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of Ind-AS 115'Revenues from Contracts with Customers, is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.

The Group recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the Group transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Group expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

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.

iii. *Research services*

In respect of research services involving 'time and materials' contracts, research fee are recognised as services are rendered, in accordance with the terms of the contracts. The rates charged to customers are arrived at a cost plus markup basis as per the terms of the agreement with each customer.

iv. *Royalty income and profit share*

The Royalty income and profit share earned through a License or collaboration partners is recognised as the underlying sales are recorded by the Licensee or collaboration partners.

v. *Sales Return Allowances*

The Group accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Group's estimate of expected sales returns. The estimate of sales return is determined primarily by the Group's historical experience in the markets in which the Group operates.

vi. *Dividends*

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

vii. *Contribution received from customers/co-development partners towards plant and equipment*

Contributions received from customers/co-development partners towards items of property, plant and equipment which require an obligation to supply goods 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.

viii. *Interest income and expense*

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

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. Government grants, which are revenue in nature are either recognised as income or deducted in reporting the related expense based on the terms of the grant, as applicable.

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.

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be 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; and
- The Group has the right to direct the use of an asset.

At the date of commencement of lease, the Group recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the 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.

Transition

Effective 01 April 2019, the Group 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 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 March 31, 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. Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

s. Recent Indian Accounting Standards (Ind AS)

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

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

	Land	Buildings	Leasehold improvements	Plant and equipment [Refer note (a)]	Research & development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (b)]
Gross carrying amount									
At April 01, 2018	–	–	–	–	–	–	–	–	152
On account of business combination	963	5,936	3	16,384	961	149	11	24,407	3,750
Additions	–	2	–	2,875	236	18	5	3,136	5,893
Disposals/transfers	–	–	–	–	–	–	–	–	(3,136)
Other adjustments									
- Foreign currency translation adjustment	63	387	–	750	–	3	1	1,204	–
At March 31, 2019	1,026	6,325	3	20,009	1,197	170	17	28,747	6,659
Additions	216	43	14	2,014	363	20	17	2,687	7,993
Disposals/transfers	–	–	–	–	–	–	(6)	(6)	(2,687)
Other adjustments									
- Foreign currency translation adjustment	105	550	–	1,200	–	5	1	1,861	–
At March 31, 2020	1,347	6,918	17	23,223	1,560	195	29	33,289	11,965
Depreciation/ Amortisation									
At April 01, 2018	–	–	–	–	–	–	–	–	–
On account of business combination	–	270	3	3,859	668	69	3	4,872	–
Charge for the year	–	246	–	1,436	97	23	3	1,805	–
Disposals	–	–	–	–	–	–	–	–	–
Other adjustments									
- Foreign currency translation adjustment	–	15	–	53	–	–	–	68	–
At March 31, 2019	–	531	3	5,348	765	92	6	6,745	–
Charge for the year	–	249	1	1,571	113	22	4	1,960	–
Disposals	–	–	–	–	–	–	–	–	–
Other adjustments									
- Foreign currency translation adjustment	–	60	–	217	–	2	1	280	–
At March 31, 2020	–	840	4	7,136	878	116	11	8,985	–
Net carrying amount									
At March 31, 2019	1,026	5,794	–	14,661	432	78	11	22,002	6,659
At March 31, 2020	1,347	6,078	13	16,087	682	79	18	24,304	11,965

(a) Plant and equipment includes computer and office equipment.

(b) Capital work-in-progress primarily comprises of the biologics manufacturing unit being set up in India.

(c) Details on security on certain property, plant and equipment refer note 12.

(d) Borrowing cost capitalised during the year amounted to ₹ 504 (March 31, 2019: ₹ 27).

(e) Refer note 27 for common control business combinations during the year.

3 (b). Right-of-use assets

	Land	Buildings	Plant & machinery	Total
Gross carrying amount				
At April 01, 2019	–	–	–	–
Additions	53	1,297	1,064	2,414
At March 31, 2020	53	1,297	1,064	2,414
Accumulated depreciation				
At April 01, 2019	–	–	–	–
Depreciation for the year*	5	156	160	321
At March 31, 2020	5	156	160	321
Net carrying amount				
At March 31, 2019	–	–	–	–
At March 31, 2020	48	1,141	904	2,093

*includes ₹ 14 capitalised during the year ended March 31, 2020

4. Intangible assets

	Intangible assets				Intangible assets under development
	Developed technology rights	Marketing and Manufacturing rights	Computer software	Total	
Gross carrying amount					
At April 01, 2018	–	–	–	–	–
On account of business combination	–	–	71	71	5,385
Additions	760	735	30	1,525	1,708
Disposals / transfer	–	–	–	–	(1,525)
Other adjustments					
- Foreign currency translation adjustment	(11)	(7)	–	(18)	489
At March 31, 2019	749	728	101	1,578	6,057
Additions	2,444	–	72	2,516	1,815
Disposals / transfer	–	–	–	–	2,444
Other adjustments					
- Foreign currency translation adjustment	203	63	1	267	368
At March 31, 2020	3,396	791	174	4,361	5,796
Accumulated amortisation					
At April 01, 2018	–	–	–	–	–
On account of business combination	–	–	43	43	–
Amortisation for the year	33	40	15	88	–
Other adjustments					
- Foreign currency translation adjustment	–	–	–	–	–
At March 31, 2019	33	40	58	131	–
Amortisation for the year	242	108	24	374	–
Other adjustments					
- Foreign currency translation adjustment	23	10	–	33	–
At March 31, 2020	298	158	82	538	–
Net carrying amount					
At March 31, 2019	716	688	43	1,447	6,057
At March 31, 2020	3,098	633	92	3,823	5,796

(a) Refer note 27 for common control business combinations during the year.

	March 31, 2020	March 31, 2019
5. Other financial assets		
(a) Non-current		
Deposits	70	14
Other receivables	117	–
	187	14
(b) Current		
Unbilled revenue	175	1,223
Other receivables (considered good - Unsecured) from:		
Related parties [refer note 28]	65	27
Others	3,580	1,607
	3,820	2,857
6. Deferred tax assets (net)		
Deferred tax liabilities (net)	(713)	(304)
Deferred tax assets (net)	1,261	864
Total	548	560
Deferred tax liabilities		
Property, plant and equipment and intangible assets	(376)	(74)
	(376)	(74)
Deferred tax assets		
Employee benefit obligations	69	20
Allowance for doubtful debts	8	9
MAT credit entitlement	555	375
Derivative liability	17	–
Deferred revenue	199	190
Lease obligation	36	–
Others	40	40
	924	634
Total	548	560
7. Other assets		
(a) Non-current		
Capital advances	573	208
Duty drawback receivable	39	19
Balances with statutory / government authorities	86	17
Prepayments	111	109
	809	353
(b) Current		
Balances with statutory / government authorities	459	145
Export incentive receivable	356	186
Advance to suppliers	402	120
Prepayments	376	104
	1,593	555

	March 31, 2020	March 31, 2019
8. Inventories		
Raw materials, including goods-in-bond	1,435	827
Packing materials	1,556	815
Finished goods	2,817	979
Work-in-progress	1,812	2,467
Traded goods	244	212
	7,864	5,300
*includes goods in-transit ₹ 220 (March 31, 2019: ₹ 34)		
Write-down of inventories to net realisable value amounted to ₹ 257 (March 31, 2019: Nil). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.		
9. Trade receivables		
Current		
(a) Trade receivables considered good - Unsecured	3,268	3,208
(b) Trade receivables - credit impaired	26	32
	3,294	3,240
Allowance for credit loss	(26)	(32)
	3,268	3,208
[Also refer note 28 for details on related party transactions]		
10. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	2,672	2,233
Deposits with original maturity of less than 3 months	47	27
Total cash and cash equivalent	2,719	2,260

(a) The Group has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.

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	March 31, 2020	March 31, 2019
11(a). Share capital		
Authorised		
1,050,050,000 (March 31, 2019: 50,050,000) equity shares of ₹ 10 each (March 31, 2019: ₹ 10 each)	10,501	501
2,000,000,000 (March 31, 2019: 75,000,000) preference shares of ₹ 10 each (March 31, 2019: ₹ 10 each)	20,000	750
Issued, subscribed and fully paid-up		
206,043,983 (March 31, 2019: 45,718,520) equity shares of ₹ 10 each	2,060	457
705,420,000 (March 31, 2019: Nil) Non convertible redeemable preference shares ("NCRPS") of ₹ 10 each	7,054	–
1,081,000,000 (March 31, 2019: Nil) Optionally convertible redeemable preference shares ("OCRPS") of ₹ 10 each	10,810	–
	19,924	457
Less : Preference share capital classified as a financial liability [refer note 12]	(17,864)	-
Equity share capital	2,060	457

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

(a) Equity shares	March 31, 2020		March 31, 2019	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	45,718,520	457	50,000	1
Issued during the year	160,325,463	1,603	45,668,520	456
Outstanding at the end of the year	206,043,983	2,060	45,718,520	457

(b) Non convertible redeemable preference shares	March 31, 2020		March 31, 2019	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	–	–	–	–
Issued during the year	705,420,000	7,054	–	–
Outstanding at the end of the year	705,420,000	7,054	–	–

(c) Optionally convertible redeemable preference shares	March 31, 2020		March 31, 2019	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	–	–	–	–
Issued during the year	1,081,000,000	10,810	–	–
Outstanding at the end of the year	1,081,000,000	10,810	–	–

(ii) Terms/ rights attached to

(a) Equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

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

(b) Non convertible redeemable preference shares

(i) The tenure of the NCRPS shall be 10 years.

(ii) The Company or NCRPS holder shall have the option to redeem the NCRPS at any time during the tenure of the NCRPS. If the Company or holder of NCRPS exercises such option of early redemption, the NCRPS shall be redeemable at its face value.

(iii) The holder of the NCRPS shall be entitled to preferential dividend of 8.3% per annum on the face value of the NCRPS as may be mutually decided between the Company and the NCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.

(iv) Until redemption of the NCRPS, the NCRPS holder shall have priority of payment of dividend over the equity shareholders.

(c) Optionally convertible redeemable preference shares

(i) The tenure of the OCRPS shall be 10 years.

(ii) The Company shall have the option to redeem the OCRPS at any time during the tenure of the OCRPS at its face value. The OCRPS shall become redeemable at its face value at the end of the tenure.

(iii) The OCRPS holder shall have the option to convert the OCRPS into equity shares of the Company at any time during the tenure of the OCRPS at a ratio based on fair value or face value of the equity shares as on the date of exercise of the option whichever is higher.

(iv) The holder of the OCRPS shall be entitled to preferential dividend of 3% per annum on the face value of the OCRPS as may be mutually decided between the Company and the OCRPS holder. The dividends are non-cumulative and will be payable subject to availability of profits in the respective financial year and subject to declaration by the Board of Directors of the Company.

(v) Until redemption of the OCRPS, the OCRPS holder shall have priority of payment of dividend over the equity shareholders.

(d) The aforesaid preference shares are convertible (variable number of equity shares) / redeemable, at its face value, any time during the tenure of the instrument at the option of the holder. Owing to this feature, the instrument has been classified as financial liability and disclosed at its fair value which is equivalent to the face value. Also refer note 12.

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

	March 31, 2020		March 31, 2019	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid				
Biocon Limited, the Holding Company (including shares held through nominees)	197,943,520	96.07%	44,805,424	98.00%
NCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	705,420,000	100.00%	–	–
OCRPS of ₹ 10 each fully paid				
Biocon Limited, the Holding Company	1,081,000,000	100.00%	–	–

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

(iv) The shareholders at their extra-ordinary general meeting held on January 6, 2020 approved to increase the authorised equity share capital from 50,050,000 equity shares of ₹ 10 each to 1,050,050,000 equity shares of ₹ 10 each.

(v) The shareholders at their extra-ordinary general meeting held on May 28, 2019 approved to increase the authorised preference share capital from 75,000,000 preference shares of ₹ 10 each to 2,000,000,000 preference shares of ₹ 10 each.

(vi) The Company on January 21, 2020 allotted 5,025,463 equity shares of ₹ 10 each at an issue price of ₹ 1,067 to Activ Pine LLP, on a private placement basis.

(vii) Pursuant to the Scheme of amalgamation between the Company and Biocon Research Limited, the Board of Directors on March 27, 2020 allotted 155,300,000 equity shares of ₹ 10 each to the shareholders of Biocon Research Limited. These shares were issued for consideration other than cash.

11(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.

Amalgamation adjustment reserve

The amalgamation adjustment reserve is created to account for business combinations of entities under common control.

Retained earnings

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

SEZ re-investment 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.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's reporting currency (i.e. Indian Rupees) are accumulated in the foreign currency translation reserve.

Cash flow hedging reserves

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

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	March 31, 2020	March 31, 2019
12. Long-term borrowings		
Loans from banks (secured)		
Term loan [refer note (a) and (b) below]	14,674	13,291
Other loans and advances (unsecured)		
Non convertible redeemable preference shares [refer note 11(a)(ii)(b)]	7,054	–
Optionally convertible redeemable preference shares [refer note 11(a)(ii)(c)]	10,810	–
Loan from the Holding Company [refer note (c) below]	1,006	922
Non-cumulative redeemable convertible preference shares [refer note (d) below]	4,058	3,555
	37,602	**17,768**
Less: Amount disclosed under the head “other current financial liabilities” [refer note 17]	(21,899)	(3,343)
	15,703	**14,425**
The above amount includes		
Secured borrowings	14,674	13,291
Unsecured borrowings	22,928	4,477
Amount disclosed under the head “other current financial liabilities” [refer note 17]	(21,899)	(3,343)
Net amount	**15,703**	**14,425**

(a) During the year ended March 31, 2019, the Company has obtained an external commercial borrowing facility of USD 75 million with a carrying amount of ₹ 5,650 (March 31, 2019: 2,565) from MUFG Bank Limited. The long-term loan is repayable in 3 annual instalments commencing from April 2024 and carries an interest rate of LIBOR + 1% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed facility for the manufacturing of pharmaceuticals.

As per the terms of the borrowings, with the exception of a short-term inter-company loan to the Borrower in an amount below USD 10 millions, the Company shall ensure (and procure) that any other rights which a shareholder has or may have against the Company (including, but not limited to, any shareholder loan, preference shares and/or any inter-company loans/fixed maturity investments) shall be fully subject and subordinate to the rights of the MUFG Bank Limited under any of the finance documents.

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

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

(c) The Company has obtained an unsecured loan facility from Biocon Limited, at prevailing market rate of interest. The maximum amount of loan outstanding during the period was ₹ 1,478 (March 31, 2019: ₹ 2,140)

(d) Biocon Malaysia has issued 8,558,972 non-cumulative redeemable convertible preference shares (“”NCRCPS””) at an issue price and par value of RM10 each. The NCRCPS rank pari passu with one another without any preference or priority among themselves. Each NCRCPS shall confer on the holder thereof a right to receive a non-cumulative coupon of 2.5% per annum, subject to the availability of the post taxation profits for distribution. The NCRCPS shall be redeemable at par value, in full or in part, and in any number of tranches at the option of the NCRCPS shareholder at any time after ten years from the date of issue of the NCRCPS. The NCRCPS shall be convertible at par value to ordiary shares of Biocon Malaysia of RM 10 each at any time at the option of the NCRCPS holder.

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

(i) upon any resolution which varies or is deemed to vary the right and privileges attached to the NCRPS; and

(ii) upon any resolution for the winding up of the Biocon Malaysia.

(f) The Group has met all the covenants under the above borrowings as at March 31, 2020.

(g) The Group’s exposure to liquidity, interest rate and currency risks are disclosed in note 31.

	March 31, 2020	March 31, 2019
13. Provisions		
(a) Non-current		
Provision for employee benefits		
Gratuity [refer note 30]	227	172
	227	172
(b) Current		
Provision for employee benefits		
Gratuity [refer note 30]	28	22
Compensated absences	190	116
Provision for sales return	136	136
	354	274

	Gratuity	Leave encashment	Sales return
(i) Movement in provisions			
Opening balance	194	116	136
Provision recognised / (reversed) during the year	61	74	–
Closing balance	255	190	136

	March 31, 2020	March 31, 2019
14. Other liabilities		
(a) Non-current		
Deferred revenues [refer note 18]	7,756	5,853
	7,756	5,853
(b) Current		
Deferred revenues [refer note 18]	293	272
Advances from customers	28	5
Statutory taxes and dues payable	149	53
	470	330
15. Short-term borrowings		
From banks/ financial institutions		
Packing credit foreign currency loan (unsecured) [refer note (a) below]	2,733	–
Cash credit (secured) [refer note (b) below]	478	706
	3,211	706
The above amount includes		
Secured borrowings	478	706
Unsecured borrowings	2,733	–

(a) The Company has obtained foreign currency denominated short-term unsecured pre-shipment credit loans from HDFC Bank Limited, Standard Chartered Bank and Axis Bank Limited that carries interest rate ranging from LIBOR+0.55% to LIBOR+2.0%. The loans are repayable after the end of 6 months from the date its origination.

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

	March 31, 2020	March 31, 2019
16. Trade payables		
Trade payables		
- total outstanding dues of micro and small enterprises	98	46
- total outstanding dues of creditors other than micro and small enterprises	7,079	6,986
	7,177	7,032
All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 31.		
17. Other financial liabilities		
Current maturities of long-term borrowings [refer note 12]	21,899	3,343
Liability toward common control business combination [Refer note 27]	–	18,485
Interest accrued but not due	26	37
Payables for capital goods	2,735	2,044
	24,660	23,909

	Year ended March 31, 2020	Year ended March 31, 2019
18. Revenue from operations		
Sale of products		
Finished goods*	20,423	16,208
Traded goods	1,550	1,565
Sale of services		
Licensing and development fees	280	235
Research fees	315	583
Other operating revenue		
Sale of process waste	11	10
Export incentives	78	120
Others	398	234
Revenue from operations	23,055	18,955
* includes profit share		
18.1 Disaggregated revenue information		
Set out below is the disaggregation of the Group's revenue from contracts with customers:		
Revenues By Geography		
Revenues from contracts with customers		
Ireland	9,846	4,165
India	5,461	6,296
Brazil	1,297	2,847
Rest of the world	5,964	5,283
	22,568	18,591
Revenue from other sources		
Other operating revenue	487	364
	487	364
Total revenue from operations	23,055	18,955
Geographical revenue is allocated based on the location of the customers.		

	Year ended March 31, 2020	Year ended March 31, 2019
18.2 Changes in contract liabilities: deferred revenue and advance from customers		
Balance at the beginning of the year	6,130	4,357
Add:- Increase due to invoicing during the year	2,090	2,065
Add:- foreign currency translation	400	189
Less:- Amounts recognised as revenue during the year	(543)	(481)
Balance at the end of the year	**8,077**	**6,130**
Expected revenue recognition from remaining performance obligations:		
- Within one year	321	277
- More than one year	7,756	5,853
	8,077	**6,130**
18.3 Contract balances		
Trade receivables	3,268	3,208
Unbilled revenue	175	1,223
Contract liabilities	8,077	6,130
Trade receivables are non-interest bearing. Contract liabilities include deferred revenues and advance from customers.		
18.4 Performance obligation:		
In relation to information about Group's performance obligations in contracts with customers [refer note 2(l)].		
19. Other income		
Interest income on:		
Deposits with banks and financial institutions	7	2
Others	1	1
Net gain on sale of current investments	17	–
Foreign exchange gain, net	142	240
Other non-operating income	98	5
	265	**248**
20. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,642	1,080
Add: Purchases	6,737	5,138
Less: Inventory at the end of the year	(2,991)	(1,642)
	5,388	**4,576**

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	Year ended March 31, 2020	Year ended March 31, 2019
21. Changes in inventories of finished goods, traded goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	212	202
Finished goods	979	1,458
Work-in-progress	2,467	708
	3,658	**2,368**
Inventory at the end of the year		
Traded goods	244	212
Finished goods	2,817	979
Work-in-progress	1,812	2,467
	4,873	**3,658**
	(1,215)	**(1,290)**
22. Employee benefits expense		
Salaries, wages and bonus	4,383	3,368
Contribution to provident and other funds	259	222
Gratuity [refer note 30]	41	26
Employee stock compensation expense	200	128
Staff welfare expenses	161	131
	5,044	**3,875**
23. Finance costs		
Interest expenses on financial liabilities	619	546
Interest expenses on lease liabilities [refer note 26]	209	–
	828	**546**
24. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3(a)]	1,960	1,805
Amortisation of intangible assets [refer note 4]	374	88
Depreciation charge for the right-of-use assets [refer note 3(b)]	307	–
	2,641	**1,893**

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	Year ended March 31, 2020	Year ended March 31, 2019
25. Other expenses		
Royalty and technical fees	35	23
Rent	13	66
Communication expenses	18	20
Travelling and conveyance	392	244
Professional charges	1,146	192
Payments to auditors [refer note (b) below]	7	2
Directors' fees including commission	8	–
Power and fuel	1,329	1,043
Insurance	24	14
Rates, taxes and fees, net of refunds of taxes	67	67
Lab consumables	994	826
Repairs and maintenance		
Plant and machinery	802	799
Buildings	116	107
Others	292	164
Selling expenses		
Freight outwards and clearing charges	221	167
Sales promotion expenses	1,225	1,820
Commission and brokerage (other than sole selling agents)	83	84
Provision/ (reversal) for doubtful debts, net	(6)	6
Printing and stationery	28	21
Research and development expenses	3,130	2,947
Miscellaneous expenses	103	79
	10,027	8,690
Less: Expenses capitalized to fixed assets	(1,028)	(1,942)
	8,999	6,748
(a) Subsequent to slump sale [refer note 27], Biocon Limited provides support service to the Group. Other expenses of ₹ 8,999 for the year ended March 31, 2020 includes ₹ 662 towards support services. During the previous year ended March 31, 2019, no arrangements existed with respect to such costs. On a comparable basis for the year ended March 31, 2019, other expenses would have been ₹ 7,638 had the Group availed such support services.		
(b) Payment to auditors:		
As auditor:		
Statutory audit fee	6	2
Tax audit fee [refer note (b) below]	–	–
In other capacity:		
Other services (certification fees) [refer note (b) below]	–	–
Reimbursement of out-of-pocket expenses	1	–
	7	2
(c) Amounts are not presented since the amounts are rounded off to Rupees million.		

26. Leases

The Group has entered into lease agreements for use of land, buildings and plant & machinery which expires over a period ranging up to the year of 2029. Gross payment for the year aggregate to ₹ 412.

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 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 March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the standard resulted in recognition of Right of use-assets (ROU) of ₹ 6 and a lease liability of ₹ 9. The cumulative effect of applying the standard resulted in ₹ 3 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 followings is the movement in the lease liability during the year ended March 31, 2020

Particulars	Land	Buildings	Plant & Machinery	Total
Balance at the begining	–	–	–	–
Additions during the year	53	1,298	1,064	2,415
Finance cost accrued during the year*	5	113	98	216
Payment of lease liabilities	(7)	(201)	(204)	(412)
Balance as at the end	**51**	**1,210**	**958**	**2,219**

*includes ₹ 7 capitalised during the year ended March 31, 2020

The following is the breakup of current and non current lease liability as at March 31, 2020

Current lease liabilities	254
Non current lease liabilities	1,965
The table below provides details regarding the contractual maturities of lease liabilities as on March 31, 2020, on an undiscounted basis:	
Less than one year	476
One to five years	1,872
More than five years	868
Total	**3,216**
The following are the amounts recognised in Profit or loss for the year ended March 31, 2020	
Amortisation of right of use-assets	307
Interest expenses on lease liabilities	209
Short-term lease payment [refer note (i) below]	13
Total	**529**

(i) The Group applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

27. Business combinations under common control

The Group as a part of restructuring has acquired following

(a) Business undertaking related to manufacturing and commercialization of Biosimilar, Insulins and drug substances manufactured in the GPP facility on a going concern basis by way of slump sale from Biocon Limited, effective May 1, 2019 for a consideration of ₹ 7,054.

Branded Formulations business on a going concern basis by way of a slump sale from Biocon Limited effective August 1, 2019 for a consideration of ₹ 621.

Above transactions are referred to as "Slump Sale".

(b) 100% equity stake in Biocon Biologics Limited ("BUK") on May 29, 2019 for a consideration of ₹ 10,810 from Biocon Limited. BUK is incorporated in United Kingdom and engaged in development and commercialisation of biosimilar products. Consequently, the subsidiaries of Biocon Biologics Limited which are Biocon Sdn Bhd and Biocon Healthcare Sdn Bhd became part of the Group.

(c) On April 1, 2019, the Board of Directors of the Company approved a Scheme of arrangement for merger of Biocon Research Limited ("BRL") with the Company under Companies Act, 2013. The National Company Law Tribunal vide its order dated February 4, 2020 approved the Scheme with appointed date of April 1, 2019.

The consideration for acquisition of BRL was 3,106 fully paid equity shares of ₹ 10 each for every 10 equity shares of Re 1 each held in the BRL, resulting in issue of 155,300,000 equity shares of ₹ 10 each by the Company to the shareholders of BRL.

Summary of consideration and the value of net identifiable assets acquired

Particulars	Slump sale	BUK	BRL	Total
Net asset acquired / share capital	7,613	11,076	1	18,690
Consideration	7,675	10,810	1,553	20,038
Amalgamation adjustment	**(62)**	**266**	**(1,552)**	**(1,348)**

The previous years numbers have been presented on a as if pooling basis to reflect the effects of these common control business combinations from the first day of earliest period presented. The details of the key captions of Balance Sheet and Statement of profit and loss as at and for the year ended March 31, 2019 for the aforesaid business acquired is disclosed below:

Balance Sheet	March 31, 2019
Non-current assets	33,494
Current assets	14,086
Other equity	(1,851)
Non-current liabilities	18,239
Current liabilities	31,192

Statement of profit and loss	Year ended March 31, 2019
Total income	19,146
Total expenses	14,353
Profit before tax	**4,793**
Total tax expense	530
Profit for the year	**4,263**
Other comprehensive income for the year, net of tax	(37)
Total comprehensive income for the year, net of tax	**4,226**

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28. Related party disclosures:

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable	April 1, 2018 to March 31, 2019 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2019 (Payable)/ Receivable
1	Biocon Limited	Holding Company	Expenses incurred by related party on behalf of the Group	323	–	8	–
			Professional charges	662	–	1	–
			Research fees	(231)	–	(582)	–
			Cross charges towards facility and other expenses	(109)	–	–	–
			Sale of goods	(1,363)	–	–	–
			Royalty income	(2)	–	–	–
			Payment for leases	192	–	55	–
			Power and fuel	930	–	56	–
			Staff welfare expenses towards canteen charges	29	–	5	–
			Royalty expense	14	–	–	–
			Share based payments to employees	192	–	52	–
			Purchase of goods	1,248	–	–	–
			Interest on loan from related party	–	–	–	–
			Dividend Paid	461	–	–	–
			Other receivables	–	14	–	14
			Issue of equity shares	(1,553)	–	(457)	–
			Issue of preference shares	(17,864)	–	–	–
			Purchase of equity shares of Biocon Biologics Limited	10,810	–	–	–
			Acquisition of business undertakings	7,675	–	–	–
			Funding paid towards property plant and equipment	56	–	–	–
			Sale of capital work-in-progress	–	–	14	–
			Sale of scrips	–	–	(33)	–
			Trade payables	–	(906)	–	(1,895)
			Trade Receivables	–	329	–	–
			Loan from Holding company, net	84	(1,006)	1,121	(922)
			Interest on long-term borrowings	81	(18)	115	(23)
			Gurantee Fees	26	–	30	–
			Guarantee given by related party to a bank on behalf of the Company	(4,117)	(17,408)	–	(13,291)
2	Syngene International Limited	Fellow subsidiary	Research and development expenses	195	–	320	–
			Expenses incurred by related party on behalf of the Group	6	–	–	–

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable	April 1, 2018 to March 31, 2019 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2019 (Payable)/ Receivable
			Sale of goods	(0)	–	(1)	–
			Expenses incurred on behalf of the related party	(56)	–	–	–
			Funding paid towards property plant and equipment	–	–	67	–
			Utility expense	5	–	–	–
			Rental charges	76	–	–	–
			Trade payables	–	(126)	–	(363)
			Other receivables	–	51	–	–
3	Bicara Therapeutics Inc.	Fellow subsidiary	Research fees	(82)	–	–	–
			Cross charges towards facility and other expenses	(3)	–	–	–
			Trade receivables	–	87	–	–
4	Biocon FZ LLC	Fellow subsidiary	Professional charges	30	–	–	–
			Trade payables	–	(21)	–	–
5	Biocon SA	Fellow subsidiary	Research fees	–	–	(1)	–
			Interest on Preference Shares	137	303	53	150
			Trade receivables	–	–	–	–
			Trade payables	–	(210)	–	–
6	Biocon Pharma UK Limited	Fellow subsidiary	Other receivables	–	9	–	–
7	Biocon Foundation	Fellow subsidiary	Expenses incurred on behalf of the related party	(1)	–	–	–
			Trade receivables	–	2	–	–
8	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Laundry charges	15	–	5	–
			Trade payables	–	(0)	–	–
9	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods/other products	(70)	–	(83)	–
			Trade receivables	–	11	–	3

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2019 to March 31, 2020 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2020 (Payable)/ Receivable	April 1, 2018 to March 31, 2019 (Income)/ Expenses/ Other transactions	Balance as at March 31, 2019 (Payable)/ Receivable
10	Refer note (d) below	Key management personnel	Salary and perquisites [refer note (e) & (f) below]	73	–	5	–
			Sitting fees and remuneration	8	–	–	–
			Other payables	–	3	–	–

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

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

(c) The loan from holding company is presented net of repayments due to multiple transactions

(d) Key managerial personnel include

(i) Dr. Christiane Hamacher, Managing Director & Chief Executive Officer (CEO w.e.f March 01, 2019 and Managing Director w.e.f. October 11, 2019)

(ii) M.B. Chinappa, Chief Financial Officer (w.e.f January 06, 2020)

(iii) Mayank Verma, Company Secretary (w.e.f. August 1, 2019)

(iv) Kiran Mazumdar Shaw, Chairperson and Non-executive director

(v) Bobby Kanubhai Parikh, Independent director (w.e.f. August 1, 2019)

(vi) Nivruti Rai, Independent director (w.e.f. August 1, 2019)

(vii) Arun Chandavarkar, Non-executive director

(viii) Mr. Russell Walls, Independent director

(ix) Daniel M Bradbury, Independent director (w.e.f. August 1, 2019)

(e) The remuneration to key management personnel doesn't include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Group as a whole.

(f) Share based compensation expense allocable to key management personnel is ₹ 4 (March 31, 2019 - ₹ Nil), which is not included in the remuneration disclosed above.

(g) Fellow subsidiary companies with whom the Group did not have any transactions:

(i) Biocon Academy, a subsidiary of Biocon Limited

(ii) Biocon Pharma Limited, a subsidiary of Biocon Limited

(iii) Biocon Pharma Ireland Limited, a subsidiary of Biocon Pharma Limited

(iv) Biocon Pharma Inc., a subsidiary of Biocon Pharma Limited

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

(vi) Syngene USA Inc., a subsidiary of Syngene International Limited

	March 31, 2020	March 31, 2019
29. Tax expense		
(a) Amount recognised in Statement of profit and loss		
Current tax	980	559
Deferred tax expense/(income) related to:		
MAT credit entitlement	(180)	(4)
Origination and reversal of temporary differences	201	(25)
Tax expense for the year	**1,001**	**530**
(b) Reconciliation of effective tax rate		
Profit before tax	4,174	4,824
Tax at statutory income tax rate 29.12% (March 31, 2019 - 29.12%)	1,215	1,405
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Difference in overseas/domestic tax rates	(205)	(334)
Exempt income and other deductions	(637)	(366)
Previously unused temporary differences for which deferred tax asset has been recognised [refer note (c) below]	-	(427)
Tax losses for which no deferred tax was recognised	673	279
Non-deductible expense	50	22
Others	(95)	(49)
Income tax expense	**1,001**	**530**

(c) During the previous year ended March 31, 2019, Biocon Biologics Limited, UK recorded profits for the first time and accordingly deferred tax asset was recognised for past unused temperory differences, which resulted in one-time deferred tax benefit of ₹ 427. Excluding this, the tax expenses for the year ended March 31, 2019 would have been ₹ 957.

(d) 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 March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity / movement in balance sheet	Exchange difference	Closing balance
Deferred tax liabilities						
Property, plant and equipment and intangible assets	74	245	–	–	57	376
Gross deferred tax liabilities	74	245	–	–	57	376
Deferred tax assets						
Employee benefit obligations	20	39	10	–	–	69
Allowance for doubtful debts	9	(1)	–	–	–	8
MAT credit entitlement	375	180	–	–	–	555
Derivative liability	–	–	17	–	–	17
Deferred revenue	190	(1)	–	–	10	199
Lease obligation	–	36	–	–	–	36
Others	40	(29)	–	29	–	40
Gross deferred tax assets	634	224	27	29	10	924
	560	(21)	27	29	(47)	548

For the year ended March 31, 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity / movement in balance sheet	Exchange difference	Closing balance
Deferred tax liabilities						
Property, plant and equipment and intangible assets	–	78	–	–	(4)	74
Gross deferred tax liabilities	–	78	–	–	(4)	74
Deferred tax assets						
Tax losses	17	(17)	–	–	–	–
Employee benefit obligations	12	8	–	–	–	20
Allowance for doubtful debts	–	9	–	–	–	9
MAT credit entitlement	161	32	–	182	–	375
Deferred Revenue	56	(5)	–	139	–	190
Others	2	80	–	(42)	–	40
Gross deferred tax assets	248	107	–	279	–	634
	248	29	–	279	4	560

30. Employee benefit plans

(i) The Group has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement/termination age and does not have any maximum monetary limit for payments. The gratuity plan is unfunded.

The following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	Net defined benefit obligation	
	March 31, 2020	March 31, 2019
Balance as on April 01, 2019	194	126
Current service cost	28	17
Interest expense/(income)	13	9
Amount recognised in Statement of profit and loss	41	26
Remeasurements:		
Actuarial (gain)/loss arising from:		
Financial assumptions	17	4
Experience adjustment	20	38
Amount recognised in other comprehensive income	37	42
Benefits paid	(12)	–
Liability Transferred out	(5)	–
Balance as at March 31, 2020	255	194
Non-current	227	172
Current	28	22
	255	194

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

	March 31, 2020	March 31, 2019
Interest rate	5.8%	7.0%
Discount rate	5.8%	7.0%
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 7 years (March 31, 2019 - 7 years).

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

(iii) Sensitivity analysis

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

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(14)	16	(10)	11
Salary increase (1% change)	15	(14)	11	(10)
Attrition rate (1% change)	(4)	4	(2)	2

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

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	28
2nd Following year	34
3rd Following year	35
4th Following year	42
5th Following year	43
Years 6 to 10	219

31. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2020	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	–	–	3,268	3,268	–	–	–	–
Cash and cash equivalents	–	–	2,719	2,719	–	–	–	–
Other financial assets	–	–	4,007	4,007	–	–	–	–
	–	**–**	**9,994**	**9,994**	**–**	**–**	**–**	**–**
Financial liabilities								
Lease Liability	–	–	2,219	2,219	–	–	–	–
Derivative liability	–	212	–	212	–	212	–	212
Borrowings	–	–	18,914	18,914	–	–	–	–
Trade payables	–	–	7,177	7,177	–	–	–	–
Other financial liabilities	17,864	–	6,796	24,660	–	–	17,864*	17,864
	17,864	**212**	**35,106**	**53,182**	**–**	**212**	**17,864**	**18,076**

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

	Carrying amount				Fair value			
March 31, 2019	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Trade receivables	–	–	3,208	3,208	–	–	–	–
Cash and cash equivalents	–	–	2,260	2,260	–	–	–	–
Other financial assets	–	–	2,871	2,871	–	–	–	–
	–	–	8,339	8,339	–	–	–	–
Financial liabilities								
Derivative liability	–	91	–	91	–	91	–	91
Borrowings	–	–	15,131	15,131	–	–	–	–
Trade payables	–	–	7,032	7,032	–	–	–	–
Other financial liabilities	–	–	23,909	23,909	–	–	–	–
	–	91	46,072	46,163	–	91	–	91

B. Measurement of fair values

Fair value of liquid investments 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 price.

Sensitivity analysis

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

Particulars	March 31, 2020 Profit or (loss)		March 31, 2019 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Significant observable inputs				
Spot rate of the foreign currency (1% movement)	(38)	74	-	-
Interest rates (100 bps movement)	(69)	69	(58)	58

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

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

(ii) Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the balance sheet. The Group uses ageing analysis to monitor the credit quality of its receivables.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The exposure to credit risk as at reporting date amounts to ₹ 26 (March 31, 2019: ₹ 32). There is no allowance for expected credit loss in respect of trade and other receivables during the year.

Allowance for Impairment	March 31, 2020	March 31, 2019
Opening Balance	32	26
Impairment loss recognised	–	6
Impairment loss reversed	(6)	–
Closing Balance	**26**	**32**

Receivable from individual customers of the Group's trade receivables is ₹ 1,535 (March 31, 2019 - ₹ 1,246) which is more than 10 percent of the Group's trade receivables.

Credit risk on cash and cash equivalents 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.

(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.

NCRPS and OCRPS issued to Holding Company amounting to ₹ 17,864 with a tenure of 10 years has been disclosed under current maturities of long-term borrowings. Excluding NCRPS and OCRPS, the Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company in its Extra-Ordinary General Meeting held on January 7, 2020 approved external borrowings upto USD 500 million (₹ 37,675). Also refer note 1.2(a) for support provided by the Holding Company.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	3,211	3,165	4,243	8,295	18,914
Lease liabilities	476	495	1,377	868	3,216
Trade payables	7,177	–	–	–	7,177
Other financial liabilities	24,660	–	–	–	24,660
Total	**35,524**	**3,660**	**5,620**	**9,163**	**53,967**

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	>5 years	Total
Borrowings	706	2,787	5,517	6,121	15,131
Trade payables	7,032	–	–	–	7,032
Other financial liabilities	23,909	–	–	–	23,909
Total	**31,647**	**2,787**	**5,517**	**6,121**	**46,072**

(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 March 31,2020 and March 31, 2019 are as below:

March 31, 2020	USD	EUR	Others	Total
Financial assets				
Trade Receivables	2,980	45	72	3,097
Cash and cash equivalents	1,845	23	4	1,872
Other financial assets	3,872	–	44	3,916
Financial liabilities				
Long-term borrowings	(18,732)	–	–	(18,732)
Short-term borrowings	(2,958)	–	(253)	(3,211)
Derivative liabilities	(212)	–	–	(212)
Trade Payables	(2,418)	(569)	(349)	(3,336)
Other financial liabilities	(838)	(148)	(316)	(1,302)
Net liabilities	**(16,461)**	**(649)**	**(798)**	**(17,908)**

March 31, 2019	USD	EUR	Others	Total
Financial assets				
Trade Receivables	2,307	3	258	2,568
Cash and cash equivalents	2,098	–	36	2,134
Other financial assets	2,823	–	4	2,827
Financial liabilities				
Long-term borrowings	(16,846)	–	–	(16,846)
Short-term borrowings	(325)	–	(381)	(706)
Derivative liabilities	(91)	–	–	(91)
Trade Payables	(4,492)	(189)	(324)	(5,005)
Other financial liabilities	(1,008)	(178)	(256)	(1,442)
Net liabilities	**(15,534)**	**(364)**	**(663)**	**(16,561)**

Sensitivity analysis

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

Particulars	Impact on profit or (loss)		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
INR/USD - Increase by 1%	(78)	(27)	(203)	(155)
INR/USD - Decrease by 1%	78	27	239	155
EUR Sensitivity				
INR/EUR - Increase by 1%	(6)	(4)	(6)	(4)
INR/EUR - Decrease by 1%	6	4	6	4

Derivative financial instruments

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

Particulars	March 31, 2020	March 31, 2019
European style forward contracts with periodical maturity dates	USD 24	–

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 March 31,2020 and March 31, 2019 the Group's borrowings at variable rate were denominated in INR and USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2020	March 31, 2019
Variable rate borrowings	18,891	14,919
Fixed rate borrowings	21,922	3,555
Total borrowings	**40,813**	**18,474**

(b) Sensitivity

The Group policy is to maintain most of its 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.

32. 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 capital to uphold investor, creditor and customer confidence and to ensure future development of its business. The Group focused on keeping strong total capital 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 has issued NCRPS and OCRPS to the Holding Company which are classified as financial liabilities in these financial statements. However, given the support letter provided by the Holding Company, the Group has considered these preference shares as part of its capital for the purpose of its capital management.

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

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

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

Particulars	March 31, 2020	March 31, 2019
Total equity	7,456	(1,374)
Preference share capital (NCRPS and OCRPS)	17,864	–
Total capital attributable to the shareholders of the Company (including NCRPS and OCRPS)	**25,320**	**(1,374)**
As a percentage of total capital	52%	-8%
Long-term borrowings	19,738	17,768
Short-term borrowings	3,211	706
Total borrowings	**22,949**	**18,474**
As a percentage of total capital	48%	108%
Total capital (Equity capital, preference capital and borrowings)	**48,269**	**17,100**

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33. Interest in other entities

(a) Subsidiaries

The Group's subsidiaries as at March 31, 2020 are 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		Principal activities
		March 31, 2020 %	March 31, 2019 %	
Biocon Biologics Limited	United Kingdom	100	100	Sale of biosimilar products
Biocon Sdn Bhd	Malaysia	100	100	Biopharmaceutical manufacturing
Biocon Biologics Inc.*	United States of America	100	NA	Sale of biopharmaceutical products
Biocon Healthcare Sdn. Bhd.	Malaysia	100	100	Sale of biopharmaceutical products

*incorporated during the year ended March 31, 2020

34. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary

Name of Entity	Net assets as at March 31, 2020		Share in profit or loss for the year ended March 31, 2020		Share in other comprehensive income for the year ended March 31, 2020		Share in total comprehensive income for the year ended March 31, 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 total comprehensive income	Amount
Holding Company								
Biocon Biologics India Limited	42%	10,153	102%	2,883	48%	(67)	105%	2,816
Subsidiaries								
Foreign								
Biocon Sdn Bhd	-11%	(2,683)	–99%	(2,793)	52%	(74)	–107%	(2,867)
Biocon Biologics Limited	69%	16,692	97%	2,734	0%	–	102%	2,734
Biocon Healthcare Sdn. Bhd.	0%	(1)	0%	(8)	0%	–	0%	(8)
Biocon Biologics Inc	0%	–	0%	–	0%	–	0%	–
Gross Total	100%	24,161	100%	2,816	100%	(141)	100%	2,675
Adjustment arising on consolidation		(16,705)		357		783		1,140
Total		7,456		3,173		642		3,815

Name of Entity	Net assets as at March 31, 2019		Share in profit or loss for the year ended March 31, 2019		Share in other comprehensive income for the year ended March 31, 2019		Share in total comprehensive income for the year ended March 31, 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 total comprehensive income	Amount
Holding Company								
Biocon Biologics India Limited	12%	1,829	46%	1,792	71%	(20)	46%	1,772
Subsidiaries								
Foreign								
Biocon Sdn Bhd	2%	325	-30%	(1,167)	29%	(8)	-31%	(1,175)
Biocon Biologics Limited	86%	13,145	84%	3,260	0%	–	85%	3,260
Biocon Healthcare Sdn. Bhd.	0%	(1)	0%	(17)	0%	–	0%	(17)
Biocon Biologics Inc	0%	–	0%	–	0%	–	0%	–
Gross Total	100%	15,298	100%	3,868	100%	(28)	100%	3,840
Adjustment arising on consolidation		(16,672)		426		(9)		417
Total		(1,374)		4,294		(37)		4,257

35. Contingent liabilities and commitments

(to the extent not provided for)

	March 31, 2020	March 31, 2019
(i) Contingent liabilities		
(a) Claims against the Group not acknowledged as debt	1,058	1,156
The above includes		
(i) Direct taxation	985	1,156
(ii) Indirect taxation (includes matters pertaining to disputes on VAT and CST)	73	–

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 Group 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.

Other than the matter disclosed above, the Group is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. 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.

	March 31, 2020	March 31, 2019
(ii) Commitments:		
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	3,898	3,092

	Year ended March 31, 2020	Year ended March 31, 2019
36. Earning per share:		
Earnings		
Profit for the year	3,173	4,294
Shares		
Basic outstanding shares	45,718,520	50,000
Add: Weighted average shares issued during the year	156,263,787	13,262,639
Add: Shares pending allotment	–	155,300,000
Weighted average shares used for computing basic EPS	**201,982,307**	**168,612,639**
Add: Effect of dilutive rights granted under OCRPS	8,021,697	–
Weighted average shares used for computing dilluted EPS	**210,004,004**	**168,612,639**
Earnings per share		
Basic (in ₹)	15.71	25.47
Diluted (in ₹)	15.11	25.47

37. Segmental reporting

The Chief Operating Decision Maker reviews the operations of the Group as Pharmaceutical business, which is considered to be the only reportable segment by the management. Hence, there are no additional disclosures to be provided under Ind AS 108 'Operating Segments'.

38. Employee stock compensation

The employees of the Group are eligible for shares under the Biocon Employee Stock Option Plan ('ESOP Plan 2000'), Biocon - Restricted Stock Units of Syngene International Limited ('RSU Plan 2015') and Biocon - Restricted Stock Units of Biocon Biologics India Limited ('RSU Plan 2019') (collectively "stock option plans") of Biocon Limited.

	March 31, 2020	March 31, 2019
Total number of options outstanding		
ESOP Plan 2000	10,845,008	6,238,211
RSU Plan 2015	426,248	382,800
RSU Plan 2019	985,657	1,086,679

The Group has recorded an amount of ₹ 200 (March 31, 2019: ₹ 128) as cost of the above stock option plans. The Group reimburses the cost to Biocon Limited. Current year options are post issue of bonus shares by Biocon Limited and Syngene International Limited.

39. Exceptional item

During year ended March 31, 2020, the Company has paid registration fees for increasing authorise share capital of the Company and stamp duty fees on issue of such shares, amounting to ₹ 38 is recorded as exceptional item.

40. 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. However, the Group does not meet the applicability threshold for the year ended March 31, 2020.

41. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year. The Company is required to update and put in place the information latest by the due date of filing its income tax return. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for tax.

42. 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."

43. The previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 13, 2020

for and on behalf of the Board of Directors of Biocon Biologics India Limited

Kiran Mazumdar-Shaw
Chairperson & Director
DIN: 00347229

Dr. Christiane Hamacher
Managing Director & Chief Executive Officer
DIN: 07822113

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
May 13, 2020