Biocon

4Ortitude

Four Decades of Pioneering Excellence

Annual Report **2019**

FORTITUDE

It takes immense fortitude to stay the course for 40 years. To be a pioneer. To go against the tide and navigate uncharted waters. To challenge the status quo. To manage risks. To encounter failure and not quit. To stand up for what is right and equitable. To prove to the world that India can be at par with the best.

Our self-belief, commitment and perseverance have stood us in good stead in pursuing this incredible journey of making a difference to patients, people, partners and business. Our 40-year journey of Fortitude has given us the confidence to pursue the next leg of our voyage towards touching a billion lives, co-creating a healthy future.

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Four Decades of Pioneering Excellence

40
YEARS OF
BIOCON

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Follow us on twitter: @bioconlimited

Enhancing Affordable Access, Touching Patients' Lives

Biocon is driven by the belief that the pharmaceuticals industry has a humanitarian responsibility to enable access to essential drugs for patients who are in need and to do so with the power of innovation.

We have focused on building a new model of innovation that adds the condition of affordability to ensure accessibility. Our goal is to develop affordable blockbuster drugs with the potential to benefit a billion patients.

120+
Countries

We enable affordable access to patients in over 120 countries.

~2
Million Patients

We have served nearly 2 million patients through our biosimilars in FY19.

Our strategy is aligned to the global imperative of improving access to high quality, affordable biopharmaceuticals and specialty medicines in chronic conditions such as diabetes, oncology and immunology.

2004

World's first *Pichia pastoris* technology based rh-Insulin developed and introduced for people with diabetes in India.

Today, concerns about escalating medicine costs are no longer limited to developing countries. Patients in developed markets are also questioning business models wherein life-saving drugs are accessible only to a small affluent section of the population.

As a Company based in a developing country, we have deliberately steered clear of these inherently discriminatory business strategies and chosen to be equitable and inclusive.

Patients are at the heart of our operations. We have used innovative science to bring competition for some of the world's most expensive medicines through our biosimilars. Our biosimilar products have addressed the needs of nearly 2 million* patients in FY19.

2006
India's first indigenously produced novel monoclonal antibody, Nimotuzumab, for head & neck cancer launched.

2014
World's first biosimilar Trastuzumab for breast cancer patients developed and launched in India.

2016
Insulin Glargine pen for people with diabetes launched in Japan as the first biosimilar from India.

2018
First biosimilar Pegfilgrastim launched in U.S. for cancer patients undergoing chemotherapy.

Besides enabling affordable access to biologics through biosimilars, we are ensuring that a larger number of patients are able to afford statins and immunosupressants formulations by supplying our high quality Active Pharmaceutical Ingredients (APIs) to generic drug makers worldwide.

Our 'developing countries first' strategy has led us to deliver key life-saving, advanced biopharmaceuticals for diabetes and cancer patients in India and UAE through our Branded Formulations business. Nearly 400,000* patients have benefited from our insulins portfolio in India since 2004. Through our life-saving oncology portfolio we have impacted over 90,000* patient lives.

Our passion to impact global health has enabled us to touch millions of patient lives. We are committed to impact a billion lives in the years ahead.

**Note: The estimated patient reach numbers have been calculated indirectly based on volume supplied and certain assumptions related to dosage per patient, duration of treatment, units sold, internal data and market research reports.*

FY19 at a Glance

Revenue
56,588
₹ Million

Profit for the Year*
9,053
₹ Million

EBITDA Margin
27
%

R&D Spend (Gross)
4,796
₹ Million

Employees
11,000+

EPS
15.2
₹

* includes exceptional income

Vision

To enhance global healthcare through innovative and affordable biopharmaceuticals for patients, partners and healthcare systems across the globe.

Mission

To be an integrated biotechnology enterprise of global distinction.

Essential to this mission is excellence in:

- Intellectual asset creation through discovery, research and development
- State-of-the-art manufacturing capabilities
- Internationally benchmarked quality and regulatory systems
- New medical insight through disease specific clinical research
- Customer relationship through outstanding products and services
- Human resource development through training, mentoring and empowering
- Management of research and business partnerships

Business Revenue Mix#

Small Molecules
17,728
₹ Million

Biologics
15,169
₹ Million

Branded Formulations
6,564
₹ Million

Research Services
18,256
₹ Million

Other Income
1,444
₹ Million

Geographic Distribution

Includes inter-segment revenue

Values

- Integrity and Ethical Behaviour
- Performance Driven Work Culture
- Value Creation through Innovation & Differentiation
- Quality through Compliance & Best Practices
- Collaboration, Team Work & Mutual Respect

FORTITUDE
Four Decades of Pioneering Excellence

CHAIRPERSON'S REVIEW

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Dear Shareholders,

Forty years ago, I started Biocon with the vision of creating a business that would leverage science for the benefit of society.

With just two employees, Biocon started making industrial enzymes in a 3,000 square feet shed in Bengaluru. Our beginning was small, but our aspirations were big.

In the next 40 years, we balanced scientific risks, capability risks, regulatory risks, financial risks and business risks to emerge as India's premier biopharmaceutical enterprise. Today, we are known for our world-class products, our talented human capital, our marquee partners and our pioneering role in building a biotechnology-led business in India.

Our fortitude led us to brave the odds in building a business model around the then nascent field of biotechnology. We were driven by a business purpose to replace polluting chemical technologies with eco-friendly enzyme based technologies, an idea ahead of its times. It was a big challenge to convince industry leaders to invest in clean, eco-friendly biotechnology-based solutions at a time when environmental sustainability was not a global priority. We persisted and finally succeeded in getting many companies across different industries to make the switch to environmentally responsible enzyme based technologies as early as 1980.

4FORTITUDE Journey of

Our revenue stood at over ₹5 billion in 2004 at the time of our IPO, growing from ₹318 million in 1999.

We were an enzymes-led biotechnology enterprise until 2007 when we divested this founding business to fuel our ambition of making a difference to patients through our biopharmaceuticals business. That said, over nearly three decades, Biocon had emerged as India's largest enzymes company which led to a rich value being ascribed for the acquisition.

The new focus on biopharmaceuticals drew its mission from the huge unmet need that patients in India and the developing world suffered on account of lack of access and affordability. Moreover, we truly believed that we could drive exponential growth through this new strategic intent. Thus Biocon moved from revenues of ₹318 million in 1999 to over ₹5 billion in 2004, a milestone that provided us the confidence to go for an Intial Public Offering (IPO).

Statins: Risk-Taking Pays Off

Our foray into biopharmaceuticals started with statins, a class of small molecules that lower cholesterol levels in the blood by reducing its production in the liver. We had to negotiate a host of scientific capability and regulatory risks to go from manufacturing enzymes to making fermentation-derived statins for global markets. Our ability to take this kind of a risk paid off when in 2001 Biocon became the first Indian company to be approved by the U.S. FDA to manufacture Lovastatin using solid state fermentation technology.

We subsequently became one of the biggest statins producers worldwide. Today, our Active Pharmaceutical Ingredients (APIs) or drug substances are used to produce billions of statin pills globally.

Insulins: Making a Difference by Being Different

We took another calculated risk when we chose to expand our strategic options from small molecules like statins to recombinant proteins like insulins to address the growing healthcare challenges associated with diabetes. We did not hesitate to exploit differentiated technologies, such as a proprietary yeast platform based on Pichia pastoris to make recombinant human Insulin (rh-Insulin) at a time when other insulin makers were using the 'tried and tested' Escherichia coli bacterial expression system. We continue to be the only company in the world that is producing rh-Insulin and insulin analogs on a Pichia platform. Taking this risk has enabled Biocon to emerge as a leading insulins player globally. Biocon today has the science, scale, scope, technology and over 15 years of experience in addressing the needs of patients with diabetes, having provided over 2 billion doses worldwide.

In India, we built on the impact we created through our branded insulin, Insugen®, to develop a Branded Formulations portfolio aimed at patients suffering from life-threatening conditions such as cancer and renal illnesses.

Novel Biologics: Upping the Ante

We did not limit ourselves to generic insulins but decided to push scientific boundaries and create new knowledge that was breakthrough in its impact to human existence through novel biologics and novel targets in the area of large molecules. At a time when the prevailing business ethos of the Indian pharma industry centred on manufacturing generic medicines, we decided to embark on an IP-driven strategy of differentiation to build credibility while enabling a first mover advantage in many cases.

4FORTITUDE Journey of

We took another calculated risk when we chose to expand our strategic options from small molecules like statins to recombinant proteins like insulins to address the growing healthcare challenges associated with diabetes.

It was a huge scientific risk because we decided to start our novel molecules journey with a complex entity: a monoclonal antibody. It paid off and Biocon earned the distinction of launching India's first indigenously produced novel monoclonal antibody for head & neck cancer, Nimotuzumab, in 2006. The effectiveness of our molecule was endorsed last year as an outcome of an investigator-initiated study on head & neck cancer patients at the prestigious Tata Memorial Hospital, Mumbai, which demonstrated that Biocon's Nimotuzumab in combination with chemo-radiation showed statistically significant improvement in progression-free survival over the standard of care, which is chemo-radiation alone.

Our work on first-in-class drugs, including oral insulin (Insulin Tregopil) and anti-CD6 antibody (Itolizumab), allowed us to push the boundaries of science to invest in developing affordable therapies that can impact global health.

Through Itolizumab we were able to offer an affordable biologic therapy, which involved a less aggressive dosing regimen and a longer treatment free period, to psoriasis patients in India when we launched it as ALZUMAb™ in 2013.

While Itolizumab was indicated for chronic plaque psoriasis in India, this unique molecule is potentially a 'pipeline in a product'. In FY19, a Phase I b / II trial in acute graft-versus-host disease (aGVHD) using Itolizumab was initiated by our partner Equillium, who has licensed the molecule for development in U.S. and Canada. Equillium has been awarded 'fast track' and 'orphan drug' designations for the molecule in both prevention and treatment of aGVHD by the U.S. FDA.

Taking Our Novels Play to the Next Stage

Translating great laboratory discoveries into clinical success is a major challenge for the global biopharma industry. To lower the risk of failure and translate our new molecule discoveries to the clinic more effectively, we have strengthened our already existing translational sciences capabilities by

building a dedicated and experienced scientific team within R&D and entered into key collaborations.

In FY19, we incorporated Bicara Therapeutics based in Boston, U.S., as a wholly owned subsidiary of Biocon to focus on developing a pipeline of bifunctional antibodies that exploit the recent advances in immuno-oncology. We believe bi-specific antibodies are the next big opportunity as they offer an advanced therapy option against cancer.

In doing so, Biocon has today emerged as a strong innovation-driven biopharma company operating out of Asia, which has put India on the global innovation map.

Riding the Biosimilars Opportunity

Biocon was among the early movers in industry to pursue a high risk strategy of developing biosimilars for global markets. This was a key strategic decision taken by the management to further advance our commitment for providing affordable access to life-saving biologics. In hindsight, it was an enormous financial and business risk with a number of unknown regulatory risks. It was sheer fortitude that has enabled us to take a lead in this very coveted new business segment.

Through our 'Made in India' biosimilars business, we seek to pursue a humanitarian path that will provide affordable access to high quality generic biologics to make a difference to diabetes, cancer and autoimmune diseases.

Our long-standing global biosimilars strategy of 'emerging markets first' and 'developed markets later' is paying off well. We have succeeded in bringing the benefit of high quality biosimilars to patients in India, other emerging market countries in Latin America, Africa, Middle East & Turkey, Asia-Pacific regions and also now in developed markets of U.S., EU and Japan.

As our biosimilars business has reached a new inflection point, we are consolidating the development, manufacturing and commercialization operations under an independent entity, Biocon Biologics with its own dedicated management. We have recently appointed Dr Christiane Hamacher as the CEO of Biocon Biologics. I am confident that with her depth of knowledge and experience of global markets, she will successfully lead the company to its next milepost of benefiting millions of patients across world markets.

End-to-end Integrated Discovery & Development Services

Our tryst with innovation started with Syngene in 1993, which was set up to spearhead a new concept of providing scientific research services to global innovator companies. We took on the challenge to position India as a 'destination of choice' for outsourcing scientific research activities. Today, Syngene offers 'end-to-end' integrated discovery and development services to leading life sciences companies like Bristol-Myers Squibb, Amgen and Baxter.

Sustainability Programs and Corporate Social Responsibility

Our underlying ethos of access and affordability goes beyond our business. We had set up Biocon Foundation in 2004 as part of our Corporate Social Responsibility (CSR) to address gaps in essential healthcare services, basic education, sanitation and hygiene in underserved urban and rural areas of India. We undertook various CSR initiatives with the aim of promoting socio-economic inclusion through innovation and sustainable models that deliver scalable solutions.

4FORTITUDE Journey of

Biocon was among the early movers from India to pursue a high-risk strategy of developing biosimilars for the global markets. Through this business, we seek to pursue a humanitarian path to provide access to high quality affordable biologics.

4FORTITUDE Journey of

We brought effective primary healthcare services to the doorsteps of the less privileged in rural and urban India through our unique technology enabled eLAJ Smart Clinics operational at the PHCs in collaboration with the government.

As a pharmaceutical company working in the space of chronic diseases, we were painfully aware of the struggle that the poor and marginalized in India face in accessing even basic healthcare services. To address this situation, we brought effective primary healthcare services to the doorsteps of the less privileged in rural and urban India by establishing Primary Healthcare Centers (PHCs), actively creating awareness about disease prevention, public health and nutrition. We took this a step forward through our unique, technology-enabled eLAJ Smart Clinics, which are providing prevention, early diagnosis and better treatment outcomes, as well as, reducing out-of-pocket expenditure for communities with poor healthcare access. eLAJ Smart Clinics were operational at 18 PHCs which recorded nearly 167,000 patient visits in FY19.

Given that a third of oral cancer cases in the world are reported in India, Biocon Foundation initiated formation of an Oral Cancer Task Force comprising seven eminent oncologists from all over India. This Task Force has developed guidelines for the management of head & neck cancer in India During the year, nearly 11,000 people were screened for oral, breast and cervical cancers by the Foundation which helped in early diagnosis and treatment.

As a company that has worked on cleaner and greener biotechnologies based on enzymes, we have taken a novel approach to revive some of Bengaluru's polluted lakes. We have implemented a three-step bioremediation process using technology which is unique and cost effective in comparison to conventional draining and cleaning processes and have succeeded in restoring the ecosystem of the dying 35-acre Hebbagodi Lake, located in the outskirts of Bengaluru. This project has won several awards including a place in the Limca Book of Records for introducing the largest artificial floating wetlands in India. The 'proof of concept' established at Hebbagodi Lake has opened the path for Biocon Foundation to initiate other lake rejuvenation projects.

The evolving science in the biotech sector is leading to a demand for high-skilled jobs in India. We realized that a wide gap exists between the quality of human capital available in India and the growing needs of the industry. In order to address this huge talent deficit we established the Biocon Academy in partnership with Keck Graduate Institute, U.S., in 2013. The Academy currently runs four specialized programs in collaboration with leading institutes from India including its flagship Biocon KGI Certificate Program in Biosciences. Over 500 students who have graduated from the Academy, have been placed across 50 leading biotech and pharma companies in India.

Financial Highlights: FY19

Biocon has scaled up its size manifold in terms of revenue and profits during its 40-year journey. In FY19, we reported a robust growth of 31% with a Consolidated Revenue of ₹56,588 million. Our Net Profit for the year soared 143% to ₹9,053 million. Adjusted for exceptional items and associated tax, our Net Profit almost doubled in FY19 to ₹7,291 million.

During the year, three of our strategic business segments, Small Molecules, Biologics and Research Services, crossed the ₹15 billion revenue milestone. FY19 was a landmark year for the Biologics business, which reported a growth of 97% to ₹15,169 million, thus emerging as a key driver for Biocon's incremental growth. Our annual revenue performance was also supported by a 28% growth in the Research Services segment to ₹18,256 million and 18% growth in Small Molecules to ₹17,728 million. Branded Formulations revenue grew a modest 7% to ₹6,564 million.

A higher share of Biologics revenue in FY19, boosted profitability as reflected in the consolidated EBITDA margin of 27% for the full year despite a 34% increase in Net R&D expenses on account of higher spends on biosimilars as well as the Generic Formulations programs. We continue to invest heavily in R&D as we believe it is the fuel that will spur our future growth. At a gross level, we spent ₹4,796 million on R&D this year, corresponding to 13% of revenues excluding Syngene.

Looking Ahead

In the next few years, we aim to make our R&D engine extremely efficient. Having successfully delivered several biosimilars to patients in U.S., EU and Japan, we have gained rich experience in managing the risks entailed in taking advanced therapies from 'bench to bedside' even in the most stringently regulated markets.

We aim to develop the next wave of biosimilars through a faster and far more predictable process supported by high-end computing and data analytics. Biocon, with Mylan, Sandoz and its other partners, will certainly focus on maximizing the efficiencies that we enjoy as a fully integrated biosimilars company.

Currently, some of our partners have taken the onus of commercializing Biocon-manufactured biosimilars in global markets. Going forward, Biocon aspires to front-end the commercialization of some of its biosimilar assets in global markets. We believe that to succeed in an increasingly competitive market place we will need to be disruptive in the way we serve patients, prescribers and payers. We are investing in digital technologies that can help us differentiate our products in global markets to deliver sustained success.

FY20 promises to be an exciting year for Biocon as all our growth verticals including Biologics, Small Molecules, Branded Formulations and Research Services, build on their performances of FY19, opening up immense growth opportunities for the Company.

In conclusion, I would like to state that our strategy of being a differentiated biopharmaceuticals company, leveraging innovation for affordable access has been fraught with risks and challenges. We have succeeded in making a difference to millions of patients, enduring the complexity of the ecosystem through our courage of conviction and commitment to address global health challenges.

I would like to thank our shareholders for traversing this arduous journey along with us and reposing their trust in the Company's management. We look forward to their encouragement and contribution, as we pursue the next phase of our journey.

Thank You.
Yours sincerely,

Kiran Mazumdar-Shaw
Chairperson & Managing Director
May 29, 2019

4FO Journey of FORTITUDE

Going forward, we aim to develop the next wave of biosimilars through a faster and far more predictable process supported by high-end computing and data analytics.

Memories
of Yesteryears

40
YEARS OF
BIOCON

1978 1980 1983 1990 1990

2004 2005 2006 2006 2006

2012 2012 2013 2014 2014

2019

FORTIFYING
Our Position

Q&A
WITH THE CEO

Dr. Arun Chandavarkar,
CEO & Joint Managing Director

2018

Fulphila®, the first biosimilar Pegfilgrastim to be approved and commercialized by our partner Mylan in the U.S. in mid 2018, has garnered over 20% market share in the pre-filled syringes market.

Q. Biocon is among the front-runners in commercializing the first wave of biosimilars. How will it sustain this momentum?

A. **FY19 has been a landmark year for the biosimilars business. Commercialization of biosimilar Pegfilgrastim in the U.S. by our partner Mylan and the continued strong growth in biosimilars in emerging markets contributed significantly to a near doubling of our Biologics revenue in FY19, which crossed the USD 200 million revenue milestone.**

Our biosimilars strategy has begun to deliver with our key products gaining acceptance with prescribers and patients. Fulphila®, the first biosimilar Pegfilgrastim to be approved and commercialized in the U.S. in July 2018 by our partner Mylan, has garnered over 20% market share# in the pre-filled syringes market. Biocon- supplied products also hold dominant market shares for biosimilar Trastuzumab, rh-Insulin and Insulin Glargine in many key emerging markets.

This growth momentum can be sustained in the near term through a combination of key launches and new approvals for these first-wave products from our Mylan collaboration. A key milestone will be the launch of biosimilar Trastuzumab in the U.S. in 2019, which is already commercialized in EU and emerging markets. We also have approvals for biosimilar Pegfilgrastim in EU, Canada and Australia and have launched it in the U.S. We have commercialized Insulin Glargine in Japan, EU and some emerging markets. We have approvals in Austrialia and the next major near term milestone for this molecule will be its approval and launch in the U.S.

The growth will be augmented in the mid-term by our advanced pipeline of biosimilars comprising Bevacizumab, Insulin Aspart and rh-Insulin which are currently progressing as planned through their clinical development phase. In fact, rh-Insulin provides us the opportunity to establish a direct commercial presence in the U.S. and select markets elsewhere.

In the long term, our global partnership with Sandoz for a set of oncology and immunology biosimilars is progressing well and is preparing us for the next wave of biosimilar opportunities that open up towards the middle of the next decade. This will be bolstered by new opportunities to expand our biosimilar portfolio which is already amongst the largest and broadest, straddling monoclonal antibodies and insulin analogs. And these opportunities could leverage our direct commercial presence in many markets.

We will continue to support this broad portfolio through prudent investments in R&D and high quality manufacturing infrastructure to deliver on our commitment of providing affordable access to safe and effective biosimilars to patients around the world.

Q. Biocon has unlocked value several times in the course of its evolution. What do you see as the next value unlocking opportunity?

A. Biocon has successfully incubated new businesses within its fold and unlocked value in many of them. This is demonstrated by Biocon's own IPO in 2004 on the back of our successful statins business, followed by the divestment of our enzymes business in 2007 and then the listing of our Research Services business (Syngene) in 2015.

Our Biosimilars business has demonstrated success and established global credibility with three of our molecules being approved and launched in developed markets. This business is at an important inflection point as we gain commercial success with our first wave of products and invest in long term sustainability through broadening of our pipeline and commercial presence and further expanding our manufacturing scale. We have therefore begun acting on our intent to unlock value in the Biosimilars business by housing it under a separate subsidiary, Biocon Biologics. This, we believe, will enable this business to focus, invest, compete and win in the large and growing opportunity for biosimilars.

2019

Bicara Therapeutics has been set up in Boston to anchor the development of novel immuno-oncology assets.

Q. What will be the focus of Bicara Therapeutics in the U.S.?

A. There is considerable excitement around immuno-oncology therapies that activate an individual's immune system, enabling it to recognize cancer cells and destroy them. Rapid technological advancements are helping the growth of the global immuno-oncology market which is expected to exceed USD 100 billion by 2022, according to a report published by Research and Markets. Biocon has been pursuing the development of novel bi-functional fusion antibodies which work on the concept of preferentially targeting the tumor micro-environment.

We have recently set up a subsidiary, Bicara Therapeutics, based in Boston, to anchor the development of these novel immuno-oncology assets. This allows us to access the thriving innovation ecosystem in the U.S. and accelerate development of cutting edge therapies to improve outcomes for cancer patients. We will leverage synergies between our Boston and Bengaluru based talent pool and infrastructure to progress breakthrough innovation rapidly and in a cost effective way.

2019

Insugen® and Basalog®, our flagship insulin brands, reported combined sales of over ₹2 billion in FY19, in India.

Q. How does Biocon plan to accelerate the momentum gained by the Small Molecules segment in FY19?

A. The Small Molecules segment reported an increase of 18% in revenue in FY19, driven by a strong growth in APIs as well as Generic Formulations. The successful launch of formulations in the U.S., better product mix in APIs and an improved pricing environment contributed to the robust performance of this segment.

Biocon has always focused on leveraging its historical strengths in fermentation by creating a distinctive portfolio of fermentation based APIs. We will continue to expand our API portfolio where we can enjoy a competitive advantage in terms of manufacturing complexity. We intend to forward integrate into formulations for all our key APIs whereby our direct commercial presence will enable us to capture a bigger share of the value. We will also focus selectively on formulation technologies that ensure durability of commercial success through limited competition. We intend to replicate our early success in the complex area of biosimilars by investing appropriately in R&D and infrastructure for complex small molecules. This strategy of vertical integration encompassing APIs and Formulations will be backed by continued investments in Quality systems to sustain our exemplary track record in global regulatory audits.

Q. How is your strategy of returning the Branded Formulations business to a higher growth trajectory playing out?

A. Our focus on increasing market share for our specialty brands in critical therapy areas is working well. Our Top 10 brands in India grew 15% over last year, accounting for ~78% of sales, up from 76% in FY18. 70% of our overall India business is now accounted for by biologics / biosimilar products.

Basalog® is ranked as the No. 2* Insulin Glargine brand, while Insugen® is positioned among the Top 3* brands of rh-Insulin in India. During FY19, Basalog® sales grew 34% while Insugen® sales grew 21%, outpacing the covered market growth of 17% and 13% respectively*. Insugen® and Basalog® reported combined sales of over ₹2 billion in FY19.

We are also making a significant difference to cancer care in India. CANMAb™, the No. 1 brand of Trastuzumab in the country, garnered a value market share of 27%*. Our novel BIOMAb EGFR® has helped treat over 11,000 patients since launch in 2006.

Whilst we have witnessed an improvement in margins through a combination of portfolio rationalization and cost control, we do recognize that India is a price sensitive and fiercely competitive market. We intend to leverage our globally endorsed product portfolio to bring high quality biosimilars and other critical products to patients in India.

In the UAE, we continue to enjoy a dominant position in all our key brands. We are bolstering our current portfolio of branded generics and in-licensed products with biosimilars. During FY19, we launched the first biosimilar Trastuzumab in UAE under the brand name CANHERA, our second biosimilar introduction in the market after Glaricon® (Insulin Glargine) in FY18. However, in the near term our UAE business is impacted by certain adverse pricing decisions taken by the local health authorities and inventory adjustments.

Q. The high price of insulins has generated a lot of heat in the U.S. with lawmakers there calling for higher biosimilars competition to help rationalize the cost of therapy. How is Biocon positioned to benefit from this potential opportunity?

2018

We launched CANHERA, the first biosimilar Trastuzumab in UAE and our second biosimilar introduction in the market after Glaricon® (Insulin Glargine) in FY18.

A. Biocon is amongst the few global biosimilar players to have a strong presence in monoclonal antibodies as well as insulins. Our rh-Insulin and Glargine products are already benefiting people with diabetes in many emerging and developed markets through improved access and affordability. Our rapid acting insulin analog, Aspart, is progressing well in clinical development. We have invested, and continue to invest, in creating large scale high quality insulin manufacturing facilities. This gives us the full spectrum of insulins (regular, basal and rapid) and the global scale necessary to make a difference to diabetes patients in the U.S. We expect our partner Mylan to launch our first insulin analog in U.S. in 2020. We are greatly encouraged by the positive actions taken by the U.S. FDA in clarifying the path to approval for biosimilar insulins through transition from the 505(b)(2) to the 351(k) legislations and in terms of specifying requirements for an interchangeable designation.

Q. How do you see your Research Services subsidiary, Syngene, contributing to Biocon's growth in future?

A. Syngene has been a strategic growth driver for Biocon and in FY19 has delivered a revenue growth of 28% at ₹18,256 million driven by a robust performance across its divisions. Over the years its contribution to Biocon revenue has increased as reflected in FY19 performance where Research Services contribution to Biocon's revenue stands at 32%.

Strengthening its long term relationships with its prime clients, Syngene has further expanded its multi-year agreements with key clients like

Baxter till 2024 and Bristol-Myers Squibb till 2026. Syngene continues to acquire more clients and is currently servicing over 330 clients across the globe. Deeper engagement with various strategic clients along with a healthy demand in both discovery services and biologics augurs well for the future. Furthermore, the company's focus on investing in future-ready capability build up will provide a strong growth momentum for this business.

Syngene has expanded its expertise to include yeast display platforms for antibody discovery, sophisticated immuno-oncology assays, CAR-T design and micro sampling PK studies. These investments will support the company in addressing emerging client needs in both large and small molecule discovery programs, from target identification and validation all the way through IND.

We expect our Research Services business vertical to sustain a robust growth going forward.

Q. How is Biocon preparing to meet capacity requirements as product commercialization in global markets picks up pace?

A. We always dovetail capacity to our market plans and ensure that capacities come online to cater to increased market share or to anticipated regulatory approvals in various jurisdictions. Whilst we have adequate capacity to cater to our near term needs, we have triggered expansions of existing facilities and new greenfield constructions to support our future needs in Biosimilars and Small Molecule APIs and Formulations. These facilities are in various stages of construction or qualification with some expected to come online in FY20. We have also selectively partnered for local fill-finish manufacturing to benefit from any preference for locally manufactured drug product.

2020

Some of the facility expansions and new greenfield constructions we had triggered to support our future needs in Biosimilars and Small Molecule APIs and Formulations are expected to come online in FY20.

** IMS/IQVIA # Bloomberg Symphony data, Goldman Sachs report May 2019*

Business Evolution
Over the Years

FY1999		FY2004		FY2009	
People	Revenue	People	Revenue	People	Revenue
250	₹318 Mn	700+	₹5,493 Mn	3,500+	₹11,937 Mn

1978-1999

An Enzymes Company

2000-2004

Transforming into a Biopharma Company

Successful IPO, Biocon listed in India (2004)

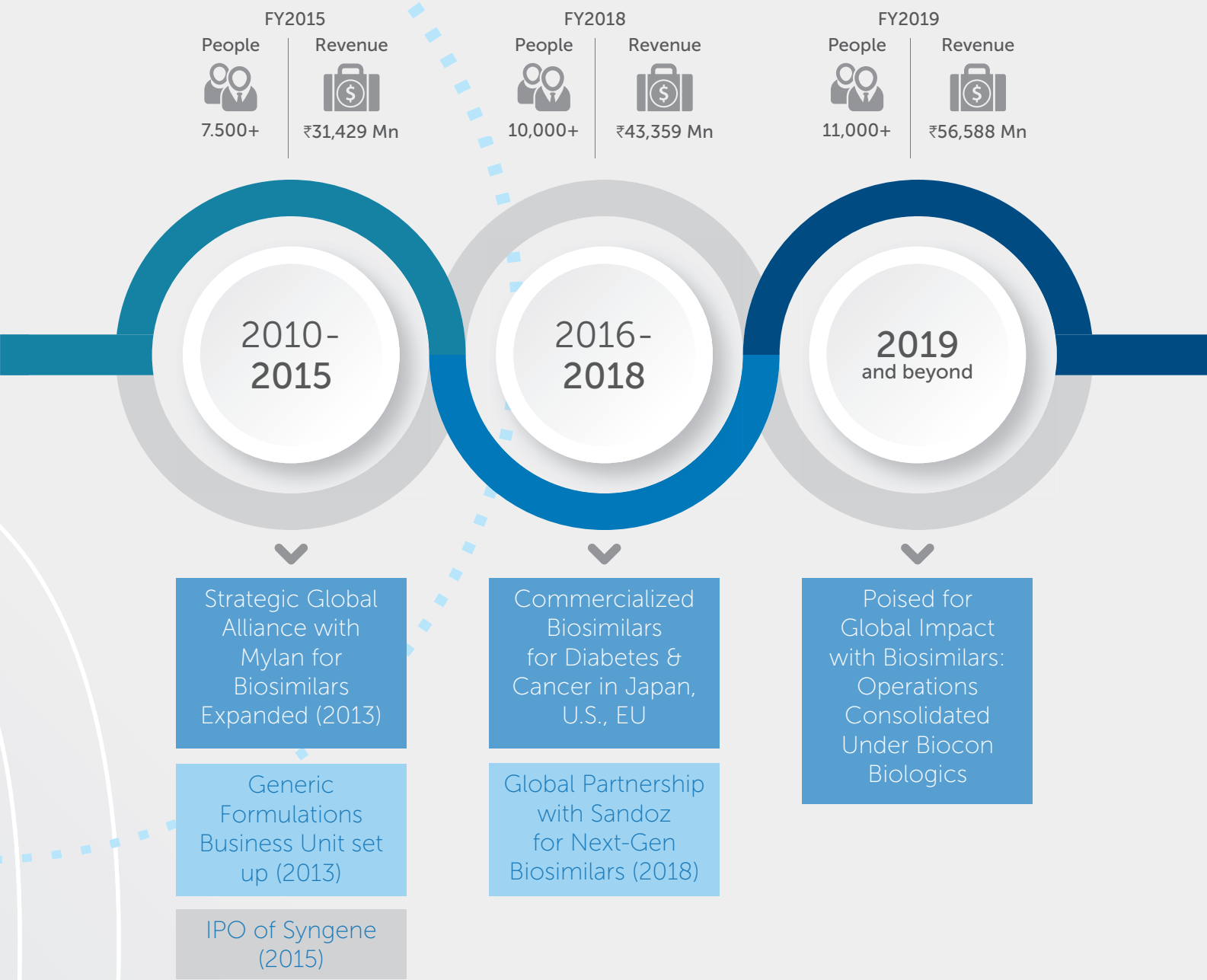
2005-2009

Building the Base Business and Expertise in Biologics

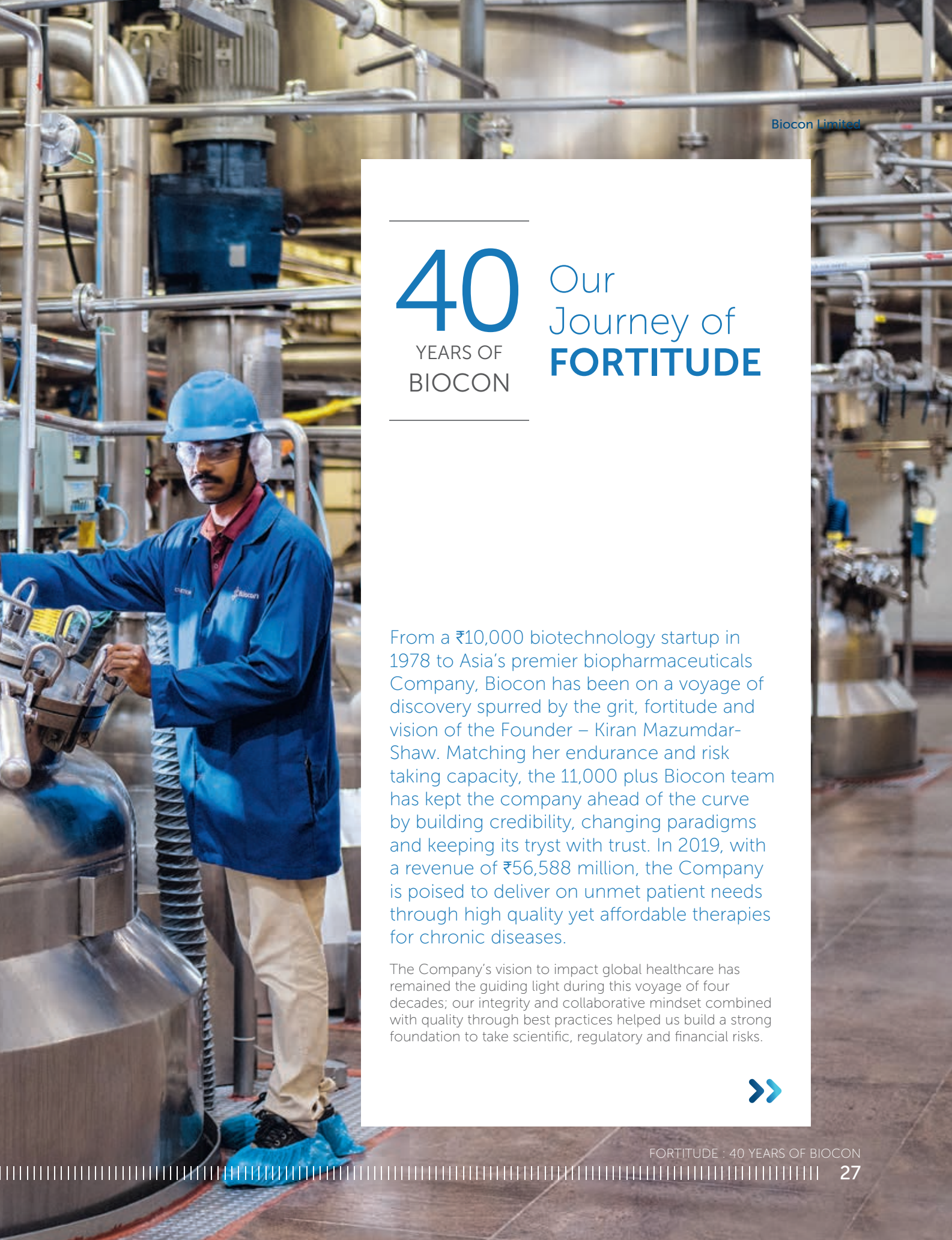
Enzymes Business Divested (2007)

Global Development of Biosimilars in Partnership with Mylan (2009)

40
YEARS OF
BIOCON


FY2015
People
7.500+
Revenue
₹31,429 Mn
FY2018
People
10,000+
Revenue
₹43,359 Mn
FY2019
People
11,000+
Revenue
₹56,588 Mn
2010-2015
2016-2018
2019 and beyond
Strategic Global Alliance with Mylan for Biosimilars Expanded (2013)
Generic Formulations Business Unit set up (2013)
IPO of Syngene (2015)
Commercialized Biosimilars for Diabetes & Cancer in Japan, U.S., EU
Global Partnership with Sandoz for Next-Gen Biosimilars (2018)
Poised for Global Impact with Biosimilars: Operations Consolidated Under Biocon Biologics


VENT LINE
VAPOUR LINE



Biocon Limited

40 YEARS OF BIOCON

Our Journey of **FORTITUDE**

From a ₹10,000 biotechnology startup in 1978 to Asia's premier biopharmaceuticals Company, Biocon has been on a voyage of discovery spurred by the grit, fortitude and vision of the Founder – Kiran Mazumdar-Shaw. Matching her endurance and risk taking capacity, the 11,000 plus Biocon team has kept the company ahead of the curve by building credibility, changing paradigms and keeping its tryst with trust. In 2019, with a revenue of ₹56,588 million, the Company is poised to deliver on unmet patient needs through high quality yet affordable therapies for chronic diseases.

The Company's vision to impact global healthcare has remained the guiding light during this voyage of four decades; our integrity and collaborative mindset combined with quality through best practices helped us build a strong foundation to take scientific, regulatory and financial risks.

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By pursuing value creation through innovation and differentiation we stayed ahead of the curve and leapfrogged into the ranks of the premier biopharmaceutical companies from Asia. Our fortitude helped us stay on course, despite the inherently long gestation periods for product development, the evolving regulatory landscape and large financial outlays for building global scale manufacturing capabilities. Over the last four decades, we have achieved several global and Indian firsts. We have commercialized key biosimilars and novel biologics in developed and emerging markets, making life better for patients by enhancing access to 'best in class' therapies for chronic diseases.

From a Startup to a Global Enterprise

Biocon started by manufacturing specialty bio-enzymes and promoting the application of these enzymes for diverse industries like food & beverages, animal feed, textiles, pulp & paper and leather. Our pursuit of using enzymes-based clean technology, an idea well ahead of its times, threw several development and investment challenges at us, testing our fortitude at every stage. Undeterred, we built on our experience of manufacturing enzymes for the developed markets of U.S. and Europe and our research capabilities for novel enzymes.

In time, we gained recognition as India's leading enzymes company. However, we realized that it was a self-limiting space. Our ambition was to make an impact on global healthcare by making a difference to patients. Hence, we chose to focus on developing biopharmaceuticals leveraging our existing strengths in fermentation sciences. This also enabled us to differentiate ourselves in the overcrowded generic pharmaceuticals space in India.

Further, we incubated the concept of contract research services through Syngene, which was set up as India's first contract research organization (CRO) in 1993. This helped us build additional skills in recombinant technologies and innovative research for new drug development.

From being an entrepreneurial enzymes enterprise, we evolved into an innovation-led, technology-based biopharmaceuticals company. The strong intellectual capital built in the first 20 years provided the foundation for Biocon to capitalize on innovative technologies to develop small molecules like statins and immunosuppressants and recombinant proteins like human

MILESTONES

A Journey of Building Global Scale **Small Molecules**

2000
Commissions first fully automated submerged fermentation plant to produce specialty pharmaceuticals

2001
1st company globally to get U.S. FDA approval for making Lovastatin through solid state fermentation

2003
Submerged fermentation facility to manufacture Lovastatin approved by U.S. FDA

2004
Commercializes a basket of fermentation-derived statins in U.S. & EU, starting with Lovastatin

2007
Divests legacy enzymes business to increase focus on developing, manufacturing biopharmaceuticals

2009
Acquires bulk pharmaceuticals plant near Hyderabad and renovates it to make chemical synthesis-based APIs

insulin and insulin analogs. Our hybrid business model allowed us to balance risk and reward by delivering outsourced research services through Syngene and focusing on novel research at Biocon's laboratories.

Leveraging our internal strengths over the years, we developed into an integrated biopharmaceuticals enterprise of global scale, with a presence across the entire drug value chain.

Driven by our passion and fortitude, we have built one of the largest global biosimilars portfolios across recombinant human insulin, insulin analogs, monoclonal antibodies and other biologics for chronic diseases, and successfully commercialized few of them in the developed markets of Japan, U.S. and EU. We have developed and commercialized two novel monoclonal antibodies for cancer and psoriasis in India, and created a promising pipeline of new biologic entities. We have emerged as a trusted partner for complex, difficult-to-manufacture small molecule Active Pharmaceutical Ingredients (APIs), supplying to over 1,000 customers worldwide. We have carved out a premium niche for ourselves as a biologics-led, specialty products company in India.

Sheer endurance has helped us stay committed to establish Biocon as a credible and reliable player in the highly complex biopharmaceutical sector.

Driving an Affordable Innovation Model

Bringing innovative, affordable healthcare solutions to patients across global markets has been Biocon's long cherished objective. Drug development being an expensive, high risk endeavor, we leveraged our robust R&D engine to introduce an affordable innovation model that could enhance access to complex therapies.

We were acutely aware of the huge burden of chronic diseases like diabetes and cancer. Hence, we chose to develop a recombinant human insulin using our proprietary fermentation technology and introduced it to patients in India in 2004 at a disruptive price point.

We built on this affordable innovation model further to develop a strong portfolio of biosimilars for cancer and autoimmune diseases.

1,000+

Our APIs are supplied to over 1,000 customers in over 100 countries.

2013
Creates new Generic Formulations sub-business unit to forward integrate into finished dosage forms

2015
Acquires potent intermediate facility in Visakhapatnam to enter into oncology segments

2016
Generic Formulations business gets 1st ANDA approval in U.S. for Rosuvastatin tablets

2017
Rosuvastatin is the 1st formulation to be commercialized under Biocon's own label in U.S.

2019
First Generic Formulations plant, commissioned in 2017, receives U.S. FDA approval

+ Read more on Small Molecules Journey : Page 57

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Patient Centric Approach - Impacting a Billion Lives

As a biopharmaceuticals company we are on a mission to make a difference to a billion lives. In the late 1990s, we realized that if we wanted to impact the lives of the largest number of patients across the world, we would have to address their unmet needs by integrating affordable innovation into our business models.

Our proprietary fermentation technology for manufacturing affordable insulins helped expand the market, rationalize prices and improve patient compliance. In several countries, such as Mexico and Malaysia, most insulin dependent diabetes patients take our affordable insulins. Having expanded access to this therapy in several emerging countries, our endeavor is to provide affordable access to this lifesaving therapy to 'one in five' insulin dependent patients across the world.

Driven by our passion to address unmet patient needs, we chose to go beyond insulins. Moving out of our comfort zone, we began exploring opportunities to develop novel biologics in India. In 2002, we collaborated with the Center of Molecular Immunology (CIMAB), Cuba, for a basket of promising, early-stage antibody assets. We leveraged our cutting-edge science and technology capabilities in process development and analytical characterization to develop these humanized antibodies for clinical studies and commercialization.

We decided to push the scientific boundaries to tackle the very high incidence of head & neck cancer in India, which largely afflicted poorer sections of the population, due to excessive use of tobacco.

The result was Nimotuzumab, a humanized anti-EGFR (epidermal growth factor receptor) monoclonal antibody (mAb) targeted at head & neck cancer. Biocon introduced India's first novel indigeneously produced monoclonal antibody, BIOMAb EGFR®, in 2006, at an affordable price point in order to enable patient access to this life-saving biologic therapy. Thousands of patients who previously could not afford the treatment now had an affordable treatment option.

An investigator-initiated study conducted at the Tata Memorial Hospital in Mumbai, one of the largest randomized clinical studies on head & neck cancer patients in India, recently established that Nimotuzumab significantly improved patient outcomes when combined

MILESTONES

A Journey of Self-Belief **Biosimilars**

2000
Leverages fermentation technology strengths to start insulin development program

2003
Begins work on antibodies using mammalian cell-based expression systems

2004
Brings down insulin prices in India with launch of indigenously developed rh-Insulin (Insugen®)

2009
Expands insulins basket with the launch of Insulin Glargine (Basalog®) in India

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Partners with Mylan to co-develop biosimilar monoclonal antibodies & other recombinant proteins

2011
Introduces a reusable insulin pen, INSUPen®, marking a foray into devices

2013
Expands Mylan partnership to include biosimilar insulin analogs

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Our product becomes the 1st biosimilar Trastuzumab to be approved anywhere in the world

with chemo-radiotherapy for the treatment of locally advanced squamous cell carcinoma.

The study conducted with 536 patients proved how the introduction of Nimotuzumab to the existing 'standard of care' led to improved treatment outcomes in terms of progression-free survival, disease-free survival, duration of loco-regional control and overall survival of patients. The results were presented at the annual conference of the American Society of Clinical Oncology (ASCO) in 2018.

Encouraged by our successful launch of Nimotuzumab, we continued the pursuit of our IP driven strategy of differentiation. We developed a novel first-in-class humanized anti-CD6 monoclonal antibody, Itolizumab, in India. The drug was launched under the brand name ALZUMAb™ to treat moderate to severe plaque psoriasis in 2013.

We saw encouraging outcomes in several hundred patients in India. Our research indicated that as the world's first anti-CD6 molecule, Itolizumab held promise in treating several autoimmune conditions. In 2017, we partnered with U.S.-based Equillium Inc. to develop this asset further.

The U.S. FDA in 2018 accepted our partner's Investigational New Drug (IND) application for the asset EQ001 (Itolizumab), which is currently under clinical development for an orphan indication of acute graft-versus-host disease (aGVHD).

Being change leaders in a constantly evolving technological landscape, Biocon stayed ahead of the curve by encouraging innovation, knowledge creation and breakthrough research. We consistently created intellectual wealth through an incisive IP strategy that has led us to file nearly 1,400 patent applications and hold over 1,160 patents and around 700 trademarks globally till March 31, 2019.

Over the last forty years, our fortitude has stood us in good stead, preparing us for the next forty years with a high value portfolio and pipeline of novel biologics and biosimilars to enable affordable access to these therapies for patients across the globe.

Our Dogged Hunt for an Oral Insulin

With India at the epicentre of diabetes pandemic, we decided to go beyond developing generic insulins and embarked on a novel 'oral insulin' program. In line with

2002

Collaborated for a basket of early stage monoclonal antibody assets.

2014

Launches biosimilar Trastuzumab (CANMAb™) for breast cancer patients in India

2016

Insulin Glargine approved & launched in Japan; becomes our 1st biosimilar to be introduced in a regulated market

2017

Expands cancer portfolio with the launch of biosimilar Bevacizumab (KRABEVA®) in India

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Our partnered product Ogivri®* becomes the 1st biosimilar Trastuzumab to be approved by U.S. FDA

2018

Our partnered product Fulphila®* becomes the 1st biosimilar Pegfilgrastim to be launched & commercialized in U.S.

Semglee®* (Insulin Glargine) approved; Commercialized in Europe by our partner

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Partners Sandoz to co-develop next-generation biosimilars

2019

Ogivri®* (Trastuzumab) commercialized in Europe by our partner

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Biologics business crosses USD 200 million annual revenue milestone

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Biologics business addresses needs of ~2 million patients in FY19

* Partnered with Mylan

+ Read more on Biosimilars Journey : Page 62

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this, in 2006 we acquired the IP assets of U.S.-based biotech company Nobex that had a proprietary technology to deliver peptides orally.

We knew it would be a difficult task ahead. Despite decades of research, an effective oral insulin molecule was considered the 'elusive' Holy Grail of diabetes therapy. We plunged ahead driven by the belief that delivering insulin through a pill would potentially usher in a paradigm change in diabetes management by making it convenient for patients to take insulin.

The quest for a game changing insulin therapy led Biocon to invest in the clinical development of Insulin Tregopil, a first-in-class oral insulin molecule that could mimic the natural physiology of the body by targeting the liver, which is a central organ in glucose metabolism. This unique mechanism of action would result in lowering the risk of hypoglycemia, when blood sugar levels fall to abnormally low levels due to injected insulin treatment, and also prevent weight gain.

When an unexpected placebo effect prevented the primary end point from being attained in a clinical trial conducted in India in 2011, we did not give up but continued our quest and partnered with a global pharma innovator and reinitiated the clinical studies. Subsequently, due to a change in their business strategy, our partner had to opt out of this collaboration. However, we decided to continue the development program as we were committed to addressing this critical unmet need. Five years later, clinical studies on Insulin Tregopil in the U.S. concluded that Tregopil provided a novel opportunity for effective postprandial control of glucose metabolism through the physiological route of the portal system.

Our conviction was further endorsed by JDRF, a leading U.S. organization funding Type 1 diabetes research and advocacy worldwide, which came forward to support our plans to study Tregopil in people with Type 1 diabetes in 2017.

Exploring the Next Frontier with Global Partnerships

Affordability is not simple to implement, it requires creative, out-of-the-box thinking to implement new perspectives. Strategic partnerships and collaborations can help harness the kind of innovation needed to attain the dream of ensuring high quality healthcare for all.

While we pursued breakthroughs in therapies, we built strategic global and regional partnerships of a symbiotic nature that over the years allowed us to share risks, lower costs, maximize our efficiencies, expedite development and expand our reach.

Our belief in the strength of collaborations led us to partner with

MILESTONES

A Journey of Differentiation **Branded Formulations**

2004
Diabetology division commences operations with the launch of Insugen® in India

2006
Oncotherapeutics division takes off with the launch of novel biologic BIOMAb EGFR® in India

2007
Sets up JV Neobiocon to provide affordable bio-therapeutics in UAE

Nephrology division starts operations in India

2008
Cardiology division starts with portfolio of products for heart diseases in India

2009
Diabetology division launches Basalog®; offers basal insulin analog option to patients in India

2010
Immunotherapy, Critical Care divisions begin operations in India

global pharma companies such as Mylan and Sandoz in the realm of biosimilars.

Our long-standing global partnership with Mylan started in 2009 to co-develop a portfolio of biosimilar antibodies and other recombinant proteins, which was expanded to include insulin analogs in 2013. Over the last decade, we synergized our frontier science and robust manufacturing capabilities with Mylan's regulatory and commercialization expertise to deliver affordable therapies to patients in both developed and developing countries. Today, we have one of the most extensive biosimilars pipelines under global development. The partnership has started to deliver returns to both partners with three of our biosimilars launched in some of the developed markets like U.S. and Europe.

Our success in biosimilars drew Sandoz, a division of Novartis, to partner with us in 2018 for the development of next-generation biosimilars portfolio for immunology and oncology. This synergistic partnership is providing us an opportunity to scale up our capabilities for an 'end to end' play in the global biosimilars space.

Our co-development partnerships with Mylan and Sandoz, both global leaders, are a recognition of our biosimilar strengths and capabilities in frontier sciences.

In the space of novel assets, too, we have built strong partnerships. We have collaborated with Quark Pharma for siRNA (small interfering RNA) therapeutics, and with JDRF for our novel oral Insulin Tregopil.

We also have technology collaborations with premium institutes across the country such as the Indian Institutes of Technology (IIT) and National Institute for Pharmaceutical Educational and Research (NIPER). We are also working with global academic institutions like Harvard University (U.S.), Trinity College (Ireland), the National Center for Biological Sciences (India) and the Indian Institute of Sciences and others on translational research.

Our marketing alliances have taken the 'Made in India' therapies to over 120 countries, including U.S., Europe, Japan and key emerging markets in Latin America, AFMET, Asia Pacific and CIS regions. With recent regulatory approvals in U.S., EU, Canada, Australia, we are well positioned to make patient lives better in these countries through our high quality, affordable biosimilars.

3

Three of our biosimilars co-developed with Mylan have been commercialized in developed markets viz. Pegfilgrastim in U.S., Trastuzumab and Insulin Glargine in EU.

2011

Introduces reusable insulin pen, INSUPen®, for the benefit of diabetes patients in India

2013

Launches ALZUMAb™, a novel biologic indicated for the treatment of chronic plaque psoriasis

2014

Launches world's 1st biosimilar Trastuzumab as CANMAb™ for breast cancer patients in India

2015

Launches Basalog One®, a pre-filled, disposable Insulin Glargine pen, to strengthen insulins portfolio in India

2017

Launches KRABEVA® (biosimilar Bevacizumab) in India for several types of cancer

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Launches biosimilar Insulin Glargine in UAE as Glaricon®

2018

Launches CANHERA as 1st biosimilar Trastuzumab in UAE for breast cancer

+ Read more on Branded Formulations Journey : Page 72

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Building Scale on a Differentiated Strategy

Very early in our journey, we had realized the importance of building large scale manufacturing capacities to support our ambition of making global impact.

We thus made significant investments in building world class manufacturing infrastructure.

We created large scale fermentation capabilities to support manufacturing of APIs like statins and immunosuppressants. We also built one of India's largest bio-manufacturing facilities for insulins, monoclonal antibodies and devices. We continue to invest in expanding our manufacturing capacities to address the growing market need.

Biocon's insulin manufacturing and R&D facility set up in Malaysia with an investment of USD 300 million is the largest integrated insulins facility in Asia. This is the largest foreign investment in biotechnology in Malaysia and reflects our commitment to serve patients in different parts of the world. Currently, Biocon is addressing the demand for insulins in Europe, Malaysia and several other emerging markets from this facility.

In Pursuit of Quality

Biocon's state-of-the-art manufacturing facilities are qualified by various regulatory agencies from developed and emerging markets. With an unwavering commitment to quality assurance and stringent quality controls, Biocon is on a mission to go beyond compliance and achieve global standards of excellence.

A nearly 1,000 member strong, well-trained Quality team works round the clock to monitor every step of the development and manufacturing process to ensure that each and every product manufactured and distributed by us complies with all internationally accepted good practices and standards of quality, purity, efficacy and safety.

Our Quality Control and Quality Assurance teams ensure that the cGMP guidelines, protocols and SOPs are implemented to deliver high quality products every time. Good Manufacturing Practices, Good Laboratory Practices and Good Documentation Practices are entrenched throughout our operations. The focus is on getting it right the first time.

Robust regulatory and quality systems provide us the platform to develop and deliver complex therapeutics, lending us a significant global competitive advantage.

~1,000

A well-trained Quality team works round the clock to ensure the quality of our products.

MILESTONES

A Journey of Reliability Research Services

1994-2000

Initiates operations as a CRO with services in chemistry and biology

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Receives 100% Export Oriented Unit (EOU) status from Government of India

2001-2007

Forays into chemical development with a dedicated manufacturing facility

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Collaboration with Bristol-Myers Squibb to set up BBRC, Syngene's 1st dedicated R&D center

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Crosses annual turnover of ₹1 billion in FY07

2009-2011

Expands manufacturing services with a new cGMP compliant plant

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Initiates operations in safety assessment and large molecules development services

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Initiates operations in formulations development

Shaping Talent for the Future

At Biocon, a young workforce pursues its innovation dreams, as we pioneer complex biopharmaceuticals, biosimilars and novel drugs development. The depth and breadth of our technological and scientific pool empowers us to engage in cutting-edge research. We have consciously created opportunities for our scientific teams to contribute to science and affordable healthcare. In our journey of 40 years, we pride ourselves in having created an ecosystem that encourages free flow of ideas, collaborative research that motivates the talent to push their boundaries.

From building technical skills of frontline executives to developing leadership capabilities, employees across the spectrum are given opportunities to build capability and participate in Biocon's growth story.

As we continuously expand our talent pool and develop a mix of capabilities to propel us forward in a continuously evolving and complex global biotechnology landscape, we are proud to rank on Science magazine's list of the world's Top Global Biotech Employers every year since 2012.

At Biocon, we are also proud to have contributed to creating a vibrant biotech ecosystem. Inspired by the entrepreneurial passion of our founder and chairperson, Kiran Mazumdar-Shaw, many others have ventured into the biotechnology space, adding to the country's strengths in this sector. Several of our former scientists and employees have spun out as entrepreneurs, bringing to bear their strong foundation of knowledge, skills and value systems.

Value Creation

Even as we continue to develop affordable products, we are also creating value for our stakeholders.

In 2004, Biocon became India's first biotech company to go public. The market's trust in Biocon's intrinsic value was reflected in the IPO being oversubscribed 32 times in 2004. On Day 1 of listing on the stock exchanges, Biocon closed with a market value of USD 1.11 billion, only the second Indian company to have crossed the billion dollar mark on its first day of listing. Given the intrinsically long gestation periods requiring huge investments and an evolving regulatory framework even in the US, our market capitalization remained largely muted till 2016.

Driven by our fortitude and strong determination to make a difference to a billion lives, we continued to develop a pipeline of unique assets. We witnessed an inflection point in our market capitalization post the Insulin Glargine approval in Japan in March 2016, which helped improve investor confidence in Biocon's pipeline for other developed markets. This was further strengthened with the regulatory submissions and approvals of our biosimilars for Trastuzumab, Pegfilgrastim and Insulin Glargine in U.S. and Europe. The confidence of investors in Biocon's current and future prospects is reflected in our current market capitalization of over USD 5 billion (as on March 31, 2019). In 2015, we unlocked value from our Research Services business by listing our subsidiary Syngene on the Indian stock exchanges. The market capitalization of Syngene stood at over USD 1.7 billion (as on March 31, 2019).

We continue to create value for our stakeholders through our key growth drivers.

2012-2015

Partners with Abbott for nutrition R&D center in India, Syngene's 2nd dedicated R&D center

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Crosses annual turnover of ₹5 billion in FY13

Partners with Baxter to establish BGRC, Syngene's 3rd dedicated R&D center

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Successful listing of Syngene as India's 1st 'pure play' contract research services company

2016-2017

Acquires bioinformatics assets of Strand Life Sciences

Partners with Amgen to establish 4th dedicated R&D center

Crosses an annual turnover of ₹10 billion in FY16

Collaborates with Herbalife Nutrition to establish nutrition R&D center

2018-2019

Signs agreement with GSK to advance drug discovery in multiple therapy areas

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Extends Baxter collaboration till 2024

Signs agreement with Biotechnology Industry Research Assistance Council (BIRAC) to set up a Centre for Advanced Protein Studies

+ Read more on Research Services Journey : Page 78

Reliving Yesteryears **Co-creators**

Key Stakeholders

Leslie Auchincloss

1978 onwards

Irish Partner who influenced Kiran to set up Biocon in India

Key Stakeholder in Biocon's 40-year Journey

It is often said that it was an accidental meeting between Kiran and I, that led to establishment of Biocon India. The truth is that I heard about her from a colleague in Australia and sought her out in Baroda. In 1978, I came in search of a partner who could start and run a company in India to manufacture and supply enzymes to my company Biocon Ireland. Kiran was 25, qualified and enthusiastic, yet was not getting a position as a brewer in India because she was a woman! It took some convincing on my part to get Kiran to agree to become a partner and set up Biocon India.

The Indian government had capped foreign equity at 30% at that time, so Biocon India was set up in Bengaluru with Biocon Ireland contributing USD 10,000 to the joint venture. Within two months, Kiran had established operations in a small shed in Bengaluru. We started with making papain and isinglass and soon Kiran was providing a range of bioenzymes for our global clients. That was the start of Biocon India!

Kiran went on to establish a horizontal management style at Biocon India, which was paramount for open communication within the group, sharing of IP and avoiding any politics. Above all, she created a culture of honesty, integrity and trust. Today, I am incredibly proud of all that Kiran has achieved and look forward to the next 10 years of Biocon

When I first met Kiran 35 years back, I was struck by her passion, zeal and determination and instinctively felt that she would succeed in whatever she set about to do. But what she was able to achieve over the next three decades was truly amazing. She was able to build an iconic institution that will stay etched in the annals of India's industrial history. Much of it is due to her sharp business acumen and ability to assemble a very talented team under one roof, but a substantial amount of credit should be given to her emphasis on research, right from the beginning. At a time when everyone was paying only lip service to the concept of linking research to business and industry, she boldly stepped forward and made research a key platform for growth. What Biocon has been able to achieve during the last four decades is truly impressive but what is to follow will pale this into insignificance.

Narayanan Vaghul

1989 onwards

Former Chairman of the Board of ICICI Limited

Key Stakeholder in Biocon's 40-year Journey

Prof. Alan D Cherrington

2009 onwards

Professor, Molecular Physiology and Biophysics, Vanderbilt University
Scientific Advisory Board Member, Biocon

Key stakeholder in Biocon's 40-year Journey

I was fortunate to be working with a biotech company (Nobex) in North Carolina, U.S., when Biocon became a partner in a fledging program to develop an oral insulin. I was struck by the Biocon folks' desire to see the project succeed. When Biocon acquired the asset, I became a consultant to the company. At the time, I was President of the American Diabetes Association and scheduled to visit India for a series of talks. Kiran found out and contacted me to see if I would visit Biocon. I explained to her that my commitments would not allow me to do so, but she would not take 'no' for an answer. She somehow found out that I had a morning free so she arranged for someone to pick me up at my hotel in Chennai and fly with me to Bengaluru for a breakfast meeting with her and her colleagues. By early afternoon, I was back in Chennai. I learned very quickly that Kiran is a strong and determined leader. Further, her example defines the company. She has supported the oral insulin project for many years in the hope that we could develop a new therapeutic approach, which could help in the treatment of patients with diabetes, particularly in India. It has been a pleasure working with the scientists at Biocon. Their hard work, passion and intellect are second-to-none.

I have known Kiran for a long time, since the early years of Biocon. Biocon has become a great national institution because of the outstanding leadership of Kiran Mazumdar-Shaw. Biocon sets an example for picking the right areas and problems of value, and achieving progress by multi-pronged efforts including R&D. I am truly impressed, and congratulate Kiran on her fantastic accomplishments. I wish her and Biocon continued success.

Prof. C.N.R Rao

1978 onwards

Honorary President & Linus Pauling Research Professor, Jawaharlal Nehru Centre for Advanced Scientific Research

Key stakeholder in Biocon's 40-year Journey

Dr. R. A. Mashelkar

1978 onwards

National Research Professor
Formerly:
Director General, CSIR
President, Indian National Science Academy
Chairman, National Innovation Foundation
President, Global Research Alliance

Key stakeholder in Biocon's 40-year Journey

I have been a witness to Biocon's spectacular evolution from an industrial enzymes manufacturing company to a fully integrated bio-pharmaceutical company with a well balanced business portfolio of products and a research focus. I was the chief guest at the inauguration of the Company's subsidiary Syngene (1984), which provided research and development Support Services on a contract basis. I was also present, when another subsidiary, Clinigene was launched in 2000. I had a small role to play, when in 2004, Biocon became the first biotechnology company in India to issue an IPO, which was oversubscribed 33 times!

Kiran represents to me one of World's top most 'biotechnopreneur', who created a thriving world class biotechnological enterprise. she is full of courage and vision, not just a great thought leader but a great action leader.

Biocon's belief in 'innovation with affordable excellence' for the resource pool, itslarge investments in R&D, its conviction in strong IP based growth and finally theprinciple of 'doing well and doing good' through Biocon Foundation are so inspiring! Biocon has had a glorious past, but it has even a more glorious future as it marches towards the golden jubilee.

Board of **Directors**

L-R sitting : Dr. Arun Chandavarkar • Kiran Mazumdar-Shaw • Mary Harney
standing : Prof. Ravi Mazumdar • M. Damodaran • Russell Walls • Bobby K Parikh • John Shaw • Dr. Jeremy Levin
Daniel M. Bradbury • Dr. Vijay Kuchroo

The composition of Biocon's board of directors reflects our commitment to uphold the highest standards of corporate governance through competence, integrity and constructive involvement of individual directors. This diverse and multidisciplinary group of erudite and experienced professionals provide the necessary expertise, capacity and guidance to the management to pursue the Company's stated mission of enhancing global healthcare whilst upholding our firm commitment to ethics and values. Our board's diversity, in terms of gender, age, experience, ethnicity, geography, and industry expertise, contributes significantly to enriching the quality of the Company's decision-making process.

Our directors have vast insights and experience in various fields such as Research & Innovation, Corporate & Financial Management, Regulatory & Compliance, Global Healthcare and International Marketing. Our international board members are based in U.S., Europe and Canada and bring diverse perspectives to address the demands of global healthcare. The board of seven independent and four non-independent directors provides the oversight, insight and foresight necessary for ethical and responsible corporate leadership that ensures that the interests of the board, management and stakeholders are aligned.

Kiran Mazumdar-Shaw

Chairperson & Managing Director

First generation entrepreneur with nearly 44 years' experience in biotechnology + Global business leader + Board member, Infosys, Narayana Hrudayalaya, United Breweries + Recipient of Indian civilian honors Padma Shri & Padma Bhushan + Highest French civilian honor Chevalier de l'Ordre National de la Légion d'Honneur + Full-term Member of the Board of Trustees of Massachusetts Institute of Technology, Cambridge U.S. + Member of the U.S. based National Academy of Engineering + AWSM Award for Excellence by Feinstein Institute for Medical Research U.S. in 2017 + Othmer Gold Medal by Chemical Heritage Foundation, U.S.+ Forbes 'World's Most Powerful Women' + Forbes 'World's Self-Made Women Billionaires' + No. 1 Business Captain in global Medicine Maker 2018 Power List + TIME Magazine's '100 Most Influential People in the World' + Signatory to 'The Giving Pledge,' the global philanthropy initiative.

John Shaw

Vice Chairman and Non-Executive Director

With Biocon since 1999 + Foreign promoter + Former Finance and Managing Director of Coats Viyella Group + Former Chairman, Madura Coats Ltd + Honorary Doctorate from University of Glasgow, UK + M.A. (Economics Hons.) in History and Political Economy from University of Glasgow, UK.

Names	Nationality	Gender	Corporate & Financial Management	Research & Innovation	Global Healthcare	Regulatory & Compliance
Kiran Mazumdar-Shaw	India	F	●	●	●	●
John Shaw	UK/OCI	M	●		●	●
Dr. Arun Chandavarkar	India	M	●	●	●	●
Prof. Ravi Mazumdar	Canada/OCI	M		●		
Russell Walls	UK	M	●			●
Mary Harney	Ireland (EU)	F			●	●
Daniel M. Bradbury	U.S.	M	●	●	●	●
Dr. Jeremy Levin	U.S.	M	●	●	●	●
Dr. Vijay Kuchroo	U.S./OCI	M		●		
M. Damodaran	India	M	●			●
Mr. Bobby Parikh	India	M	●			●

OCI = Overseas Citizen of India

Dr. Arun Chandavarkar

Chief Executive Officer & Joint Managing Director

Joined Biocon in 1990 + Core member of Biocon's leadership team + Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology (MIT), Cambridge, U.S. + B. Tech in Chemical Engineering from the Indian Institute of Technology (IIT), Mumbai + Past Chairman, Confederation of Indian Industry's (CII) National Committee on Biotechnology.

Prof. Ravi Mazumdar

Non-Executive Director

With Biocon since 2000 + University Research Chair Professor, Department of Electrical and Computer Engineering, University of Waterloo, Canada + Professor in several prestigious universities including Purdue University, U.S., Columbia University, U.S., University of Essex, UK, McGill University, Canada and the Indian Institute of Science, Bengaluru +J.D. Gandhi Distinguished Visiting Professor at IIT, Mumbai + Adjunct Professor at TIFR, Mumbai + Member of several advisory committees and working groups + Member of U.S. Congress Sub-Committee on Science and Technology + Fellow of the Royal Statistical Society + Fellow of the Institute of Electrical and Electronics Engineers + Has over 150 refereed publications to his credit + Ph. D. from the University of California, Los Angeles (UCLA) + M.Sc. from Imperial College, London + B. Tech in Electrical Engineering from IIT, Mumbai.

Russell Walls

Independent Director

With Biocon since 2011 + Experience of more than 49 years in the field of finance + Fellow member of the Association of Chartered Certified Accountants, UK + Ex-Treasurer and Trustee of the British Red Cross and currently the Chairman of Aviva Italia Holdings. + Experience as Director across pharmaceuticals, textiles, transport and leisure industries + BSc. from University of Glasgow, UK.

Mary Harney

Independent Director

Deputy Prime Minister of the Republic of Ireland (1997 – 2006) + Held different ministerial positions in the Irish Government for 19 years + Retired from politics in 2011 and

now acts as a consultant + Longest serving woman ever in the Irish Parliament, for over 31 years + Chancellor, University of Limerick + Chairperson, Pharmed Group and VideoDoc + Board member, Diona Technology and Leaseplan Insurances + Involved in several charitable organizations + Board Member, Irish Hospice Foundation and Vital Voices Europe.

Daniel M. Bradbury

Independent Director

With Biocon since 2013 + Life sciences executive with over 36 years of experience in creating and implementing strategies, transforming businesses + CEO, Chairman and Co-Founder of Equillium Inc. + Managing Member, BioBrit LLC + Former CEO, Amylin Pharmaceuticals, a leading metabolics company, acquired by BMS in 2012 + Member, Board of Trustees of the Keck Graduate Institute, California, U.S. + Member, Advisory Council of Rady School of Management, San Diego +'Director of the Year Award' by Corporate Directors Forum + Completed International Executive Program from INSEAD, France + Diploma in Management Studies from Harrow and Ealing Colleges of Higher Education, UK + Bachelor of Pharmacy from Nottingham University, UK.

Dr. Jeremy Levin

Independent Director

With Biocon since January 2015 + CEO & Chairman of Ovid Therapeutics since 2015 + Member since 2016 and current Chairman of Board of Biotechnology Innovation Organization + Board member of Lundbeck since 2016 + Former President & CEO of Teva Pharmaceuticals + Former Executive Committee Member of Bristol-Myers Squibb+ Served as Global Head of Strategic Alliances at Novartis + Recognized among 'Top 25 Most Influential People in the Biopharmaceutical Industry' + Recipient of Kermode Prize and Albert Einstein Award for Leadership in Life Sciences + Bachelor's Degree in Zoology, Master of Arts (MA) and a Doctorate (D. Phil) from the University of Oxford + Degrees of Bachelor of Medicine, Bachelor of Surgery from the University of Cambridge, UK.

Dr. Vijay Kuchroo

Independent Director

With Biocon since 2015 + Samuel L. Wasserstrom Professor of Neurology & Director of Evergrande Center for Immunologic Diseases at Harvard Medical School + Senior Scientist at Brigham and Women's Hospital, and Co-Director of the Center for Infection and Immunity, at the Brigham Research Institutes, Boston + Associate member, Broad Institute + Participant in a Klarman Cell Observatory project that focuses on T cell differentiation + Research focus includes autoimmune diseases and cancer immunotherapy + Holds 25 patents + Serves on scientific advisory boards and works in advisory capacity to several companies, including Pfizer, Novartis and GlaxoSmithKline + Founded 5 different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals + Published over 325 original research papers in immunology + A paper he authored on development of Th17 is one of the highest cited papers in immunology + Ph.D. from University of Queensland, Brisbane, Australia + Fred Z. Eager Research Prize and medal for his Ph.D. + Fogarty International Fellow at The National Institutes of Health, Bethesda + Javits Neuroscience Award by the National Institutes of Health in 2002 + Named as Distinguished Eberly Lecturer in 2014 + Recipient of Peter Doherty Award for Excellence in STEM in 2014.

M. Damodaran

Independent Director

With Biocon since 2016 + 30 years of experience in financial services and public sector enterprises + Founder Chairman, Indian Institute of Management, Tiruchirappalli + Chaired Government of India Task Force to set up the Resolution Corporation of India + Former Chairman, Securities Exchange Board of India (SEBI), Unit Trust of India (UTI) and Industrial Development Bank of India (IDBI) + Former Chief Secretary, Government of Tripura + On the Boards of leading Indian Corporates as well as on the Advisory Boards of a few foreign entities + Founder Chairperson of Excellence Enablers Private Limited, a niche Corporate Governance advisory firm.

Bobby Kanubhai Parikh

Independent Director

With Biocon since 2018 + Founder of Bobby Parikh Associates + Co-founder of BMR Advisors + Former CEO EY in India + Country Managing Partner of Former Accounting Firm Arthur Andersen + Works closely with regulators and policy formulators + Over 30 Years of experience in advising a number of private equity investors, banking groups, investment banks, brokerage houses, fund managers and other financial services intermediaries + Member of a number of trade and business associations + Member of the advisory or executive boards of non-governmental, not-for-profit organizations and private as well as listed Indian companies + Graduate in Commerce from the University of Mumbai + Qualified Chartered Accountant from the Institute of Chartered Accountants of India in 1987.

Scientific **Advisory Board**

Alan D. Cherrington, PhD

Professor, Molecular Physiology and Biophysics + Associate Director of the Vanderbilt Diabetes Research and Training Center & Charles H. Best Professor of Diabetes Research + Holds Jacquelyn A. Turner and Dr. Dorothy J. Turner Chair in Diabetes Research + Past Chairman, Molecular Physiology & Biophysics Department, Vanderbilt University + Past President of the American Diabetes Association (ADA) + Member ADA since 1972 + Member of editorial boards for scientific journals + Published 287 peer-review papers and 84 review articles over past four decades + Honoured with the Frederick Banting Award in 1997 & Josiah Kirby Lilly Sr. Distinguished Service Award in 2002

G. Alexander Fleming, MD

Founder and Executive Chairman of Kinexum LLC + President and Chief Executive Officer of Tolerion + Member of the expert working groups on Good Clinical Practices and General Considerations for Clinical Trials of the International Conference on Harmonization (ICH) + Frequently published scientific articles and book chapters

Harold E. Lebovitz, MD FACE

Professor of Medicine at National Institutes of Health (NIH) + Ex-Professor of Medicine/ Chief of Endocrinology & Diabetes of NIH-sponsored Clinical Research Center at the State University of New York, Health Science Center, Brooklyn + Ex Director of NIH-sponsored Clinical Research Center + Serves on the Board of Directors of the American Association of Clinical Endocrinologists (AACE) + Served on numerous review committees for ADA, NIH and the Veterans Administration + Has authored more than 200 peer-reviewed publications and more than 100 book chapters + Recipient of several awards including the 1994 Albert E. Renold Medal of the ADA

Satish K. Garg MD, DM

Professor of Medicine and Pediatrics; Garg Endowed Chairs & Director Adult Program, Barbara Davis Center for Diabetes, University of Colorado, Denver + Editor in chief of Diabetes Technology and Therapeutics journal since 2006 + Chair of the planning committee for Clinical Therapeutics and New Technology area for 2007 & 2008 Annual ADA meetings + Member of several Endocrine and Diabetes Societies + On the editorial boards for many diabetes journals globally + Published more than 285 original manuscripts in peer-review journals and several book chapters

John Petrie, PhD

Professor of Diabetic Medicine, Institute of Cardiovascular & Medical Sciences, University of Glasgow + President, European Group for the Study of Insulin Resistance + Lead author of a statement on the risks and benefits of Insulin Pumps in 2015 + Member of the joint ADA and European Association for the Study of Diabetes (EASD) Technology Committee + Associate Editor of the journal of EASD, Diabetologia and joined its Advisory Board in 2014 + Currently, Senior Associate Editor of the journal Cardiovascular Endocrinology + Served in the grant-awarding panels of multiple reputed organizations like NIH, JDRF etc. + Authored more than 100 publications in peer-reviewed journals.

Brian Kotzin, MD

Senior VP of Clinical Development at Nektar Therapeutics since April 2018 & Head of Clinical Development for Immunology Program since May 2017 + Over 30 years of expertise in inflammation and immunology + Member of Scientific & Clinical Advisory Board at Equillium, Inc + Previously, served as VP Global Clinical Development and Head of the Inflammation Therapeutic Area of Amgen Inc. + Industry Representative, Arthritis Advisory Committee, Center for Drug Evaluation and Research, FDA + Chairman of the NIH Autoimmunity Centers of Excellence + Advisory Council of the National Institute of Arthritis and Musculoskeletal and Skin Diseases at the NIH + Published extensively and served on the editorial boards of Arthritis and Rheumatism, The Journal of Immunology and the Journal of Clinical Investigation + Elected Master of the American College of Rheumatology + Kirkland Scholar Award for Lupus Research + Henry Claman Chair in Clinical Immunology + Gretchen Kramer Award for Outstanding Contributions to Medicine

Lawrence Steinman, MD

George A. Zimmermann Professor and Professor of Pediatrics, Genetics & Neurology & Neurological Sciences, Standford University + Served as the Chair of the Stanford University Interdepartmental Program in Immunology from 2003-2011 + Key Research Interests – Remission & Relapse in MS, Vaccine against MS, Brain Inflammation + Co-inventor of leading MS drug Natalizumab and several new therapies for autoimmune diseases + Senior author on the seminal 1992 Nature article that reported the key role of a particular integrin in brain inflammation + John M. Dystel Prize from the American Academy of Neurology & National MS Society + Charcot Prize for Lifetime Achievement in MS research + Awarded twice the Senator Jacob Javits Neuroscience Investigator Award by the National Institute of Neurological Diseases and Stroke + Member of the National Academy of Sciences and the National Academy of Medicine

Brian Daniels, MD

MS & BS from MIT + Venture Partner at 5AM Venture Management LLC + Former Senior VP, Bristol-Myers Squibb Co. + Directed and Conducted clinical research at Merck Research Laboratories and Genentech + Extensive experience in clinical development, medical affairs and corporate strategy across therapeutic areas + Volunteer at The Gladstone Institutes at the University of California in San Francisco as a Translational Partner

Vijay Kuchroo DVM, PhD

Samuel L. Wasserstrom Professor of Neurology & Founding Director of Evergrande Center for Immunologic Diseases at Harvard Medical School, USA + Senior Scientist at Brigham and Women's Hospital & Co-Director of the Center for Infection and Immunity at the Brigham Research Institutes, Boston + Associate member of the Broad Institute + Participant in a Klarman Cell Observatory project that focuses on T cell differentiation + Named 'Distinguished Eberly Lecturer' in 2014 + Obtained Nobel Laureate Peter Doherty Lecture / Prize in 2014 + Holds 25 patents and numerous publications + Founded 5 different biotech companies including, CoStim Pharmaceuticals and Tempero Pharmaceuticals + Serves on scientific advisory boards and works in advisory capacity to several internationally recognized pharmaceutical companies + Javits Neuroscience Award by NIH

Reliving Yesteryears **Co-creators**

Brand Ambassadors

Dr. Tara Jayaram

1987 – 2014

Chemist -> Associate Vice President

Led Quality & Regulatory Systems

Biocon + Syngene

It was an amazing 26-year journey at Biocon, during which I led a 250-member team that helped set up world class quality systems (GMP, GLP, GCP, ISO 9001, ISO 14001 and OHSAS 18001) at Biocon and Syngene.

I had the privilege of leading Biocon during its first ISO 9001 certification process in 1993 from RWTUV of Germany, first USFDA inspection in 2001 and first GLP Inspection in 2009 by BfArM of Germany.

We became the first life sciences company in India to get the ISO 9001 Certification and the first Indian company to receive the Integrated Certification for ISO 14001 and OHSAS 18001 from TUV NORD of Germany. We received numerous approvals from the U.S. FDA and other global regulatory agencies including EU GMP on a regular basis over the two-decade period.

Dr. Nirupa Bareja

1989 – 2005

Chemist -> Group Head, HR

Led Quality, Manufacturing & HR

Biocon

Biocon was my first corporate job after completing a Ph.D. in Biosciences, and it has been a joyous, empowering and fulfilling experience. My oft-quoted line during this 16-year journey was "either I work with Biocon or not at all." A scientist at heart, I cherished the fact that the Company gave me the freedom to experiment and innovate with a sense of responsibility and accountability. As a woman, I never felt discriminated, on the contrary, I was fully empowered and was elevated to various positions of responsibility and leadership very early in my career. The trust and confidence instilled in me by Kiran enabled me to achieve the distinction of becoming India's first woman Production Manager, heading Biocon's entire manufacturing functions in 1994. Every role I played, whether heading Quality or Manufacturing or Human Resources, gave me a great sense of accomplishment. I will cherish the experience forever!

Dr. Manoj Nerurkar

2009 – 2018

Head, Formulation Development -> COO

Strategic and operational leadership

Syngene

When I decided to return to India from the U.S. over a decade ago, I was looking for a professional opportunity that would allow me to build the right set of skills, help me grow in my career and give me the freedom to be myself. Today, I can say that joining the Biocon family was the best career decision I made in my professional life. Innovation, quality excellence, professionalism and the desire to be world class are attributes that are embedded in the Group's DNA and have contributed to its success. I am extremely grateful to my colleagues, the management and the entire Biocon family for making this one of the most memorable experiences of my life. I wish the Group continued success in the years to come.

Key **Management Team**

Biocon Limited

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Dr. Arun Chandavarkar
CEO & Joint Managing Director

Dr. Christiane Hamacher
CEO, Biocon Biologics

Siddharth Mittal
Chief Financial Officer

Shreehas Tambe
Chief Operating Officer, Biocon Biologics

Prasad BSV
Chief Operating Officer, Biocon Generics & APIs

Dr. Gopala Krishna Dasika
Head, R&D, Biocon Biologics

Paul V Thomas
Chief Commercial Officer, Biocon Biologics

Abhijit Zutshi
Commercial Head, Biocon Global Generics

Nehal Vora
Commercial Head, Biocon Global APIs

Suresh Subramanian
Head, Branded Formulations India

Sriram A.V.
Head, Quality, Biocon Biologics

Sridhar Balasubramanian
Head, Quality, Small Molecules

Amitava Saha
Head, Human Resources

Seema Shah Ahuja
Global Head, Corporate Communications

FOSTERING
Growth

Q&A
WITH THE CFO

Siddharth Mittal,
President, Finance & CFO

31%

Consolidated Revenue grew 31% to ₹56,588 million in FY19 from ₹43,359 million in FY18.

Q. How will you describe the overall financial performance of Biocon this year?

A. **In FY19, our consolidated revenue grew 31% from ₹43,359 million to ₹56,588 million. Our three strategic business segments Small Molecules, Biologics and Research Services have reported a top-line of over ₹15,000 million each this fiscal.**

We witnessed revenue growth across all segments with Biologics leading the way with 97% growth (₹15,169 million vs. ₹7,702 million in FY18). This was well supported by 28% growth in Research Services (₹18,256 million vs. ₹14,231 million in FY18), 18% in Small Molecules (₹17,728 million vs. ₹15,077 million in FY18) and 7% in Branded Formulations (₹6,564 million vs. ₹6,115 million in FY18).

Earnings before Interest, Depreciation and Amortization (EBITDA) increased 49% (₹15,381 million vs. ₹10,353 million in FY18) A higher share of Biologics revenue boosted profitability as reflected in the consolidated EBITDA margin of 27% for the full year up 3% from FY18.

Reported Net Profit increased 143% to ₹9,053 million (vs. ₹3,724 million in FY18). When adjusted for exceptional items and associated tax, Net Profit for FY19 was ₹7,291 million, a growth of 96% vs. FY18.

Q. Biocon's Biologics segment posted robust YoY revenue growth in FY19, but sequentially between Q3 and Q4 of FY19, the revenue traction was more or less steady, despite new launches in EU. What kind of revenue growth should we expect in FY20 and beyond?

A. We expect the revenue growth momentum in Biologics segment to continue in FY20 driven by new launches and increased penetration of products already launched by our partners in various markets. While the segment revenues will reflect strong growth on a full year basis, a significant part of this growth will be towards the second half of FY20.

Q. What led to the steady increase in R&D expenses in FY19? How much do you expect to spend on R&D in FY20?

A. R&D is an integral part of our business and in order to drive future business growth, we will continue to invest in R&D across all our business segments.

In FY19, gross R&D expenses were ₹4,796 million, corresponding to 13% of revenues ex-Syngene. The increase was on account of higher spends on ANDA programs and biosimilars, driven by the Sandoz collaboration pipeline.

In FY20, we expect R&D expenses to increase compared to FY19 on account of both addition and advancements in our biosimilars, novels and ANDA pipeline. Gross R&D spends are expected to be ~15% of revenues ex-Syngene.

96%

Net Profit (before exceptional items) grew 96% to ₹7,291 million in FY19 from ₹3,724 million in FY18.

Q. You have guided for higher manpower costs in FY20. How do you expect this increase to impact operating margins in FY20?

A. The staff costs will primarily increase on account of annual salary increments and hiring additional manpower for new manufacturing and research capacities. Additionally we will also be hiring employees at various levels to support independent functioning of biosimilars business under Biocon Biologics India Limited (Biocon Biologics) and novel immuno-oncology programs under Bicara Therapeutics, Inc. (Bicara Therapeutics).

We expect that margins from revenue growth will offset increase in operating expenses including higher manpower costs resulting in core EBITDA margin percentage (i.e. EBITDA margins net of licensing, impact of forex and net R&D expenses) to be at similar levels of FY19.

Q. Your Branded Formulations business reported a muted performance in FY19 because of the impact from UAE? When do you expect headwinds in the UAE to recede?

A. The UAE performance for the year was impacted by uncertainty in the local market, including delays in drug registration with the local health authorities and re-pricing of branded generic products mandated by the Ministry of Health. We expect some challenges to continue in the first half of FY20.

On a positive note, we launched our first biosimilar Trastuzumab under the brand name CANHERA, which is aimed at providing an affordable treatment option and increasing access to this medicine for patients suffering from breast cancer. The launch of CANHERA represents our second biosimilar launch in the UAE market, initially having launched Biosimilar Insulin Glargine under the brand name Glaricon®.

Q. What is the capacity utilization of current antibody manufacturing facility? Do you have sufficient capacity to service the developed markets? When will the new antibody manufacturing facility be commissioned?

A. In line with our expectations of biosimilars penetration to be gradual in developed markets, we do have sufficient capacity to support launches of biosimilar antibody products in the developed markets. To address volume growth on account of increased penetration in developed and emerging markets and also to support new biosimilar antibody product development and launches, in FY18 we had initiated construction of a greenfield antibody manufacturing facility in Bengaluru. The construction of this facility is on track and the facility is expected to be commissioned in FY20 followed by qualification and validation activities in FY21. We expect regulatory approvals and subsequent commercialization from this facility to commence in FY22.

We have also started work on expansion of the current R&D facility and additional infrastructure and equipment to support greater R&D capacity requirements for our future pipeline.

49%

EBITDA increased 49% to ₹15,381 million in FY19 vs. ₹10,353 million in FY18.

A higher share of Biologics revenue boosted profitability as reflected in the consolidated EBITDA margin of 27% for the full year up 3% from FY18.

Q. What is your capex guidance for FY20? How do you plan to fund it?

A. The greenfield antibody facility in Bengaluru entails an investment of ~USD 200 million with cash outflow over four years starting FY18. In FY19 we also initiated upgradation of our insulins drug substance facility in Bengaluru. In FY19, we incurred ~USD 100 million largely attributable towards these projects along with recurring maintenance capex across all our verticals.

In FY20, we plan to add incremental drug substance and drug product capacities across biosimilars (antibodies, insulins and proteins) as well as Small Molecules businesses. We will also commence construction work to build a greenfield facility in Visakhapatnam, Andhra Pradesh to support growing demand of immunosuppressant products in Small Molecule business. We are also evaluating construction of the second phase of our Malaysia Insulin facility which will require investment of ~USD 200 million. Excluding Syngene's capex and capitalized R&D/ intangible assets, we expect capex spend in FY20 to be in the range of USD 150-200 million.

We plan to fund the capex through a combination of internal accruals, additional debt, contribution from our co-development partner and a potential equity infusion into our biosimilars business.

Q. Have you achieved breakeven in Malaysia? What has been the progress of your Malaysia facility?

A. In FY19, at an operational level, the Malaysian entity had losses of USD 4 million on account of fixed operating expenses which were partially offset by sales in emerging markets, recovery from co-development partner and R&D activities.

While we expect growth from insulin sales in the emerging markets, primary growth driver will be the launch of Insulin Glargine in the US. Further our partner, Mylan launched Insulin Glargine in the EU in the second half of FY19 and sales are expected to ramp up over the next two years.

Q. What is your outlook for Biocon in FY20?

A. FY19 witnessed a robust growth in revenues led by our biosimilars business which also contributed to the significant margin expansion over FY18. We expect the growth momentum across our business segments to continue in FY20 especially driven by biosimilar launches in the U.S. in the latter part of the year. We expect to sustain the healthy core EBITDA margins witnessed in FY19. We will continue ramping up our R&D investments to support our growing pipeline of biosimilars, novel assets and generics to secure our future growth. We intend to complete the organizational restructuring and strengthening of the human resource required to fully operationalize Biocon Biologics and Bicara Therapeutics as distinct entities with the intent to unlock value in biosimilars and novel immuno-oncology assets respectively in future. Despite a short term impact on costs, we believe that these investments along with the expansion of our manufacturing and R&D infrastructure will position us to be a leading player in providing affordable access to patients globally.

₹4,796 Mn

In FY19, gross R&D expenses were ₹4,796 million, corresponding to 13% of revenues ex-Syngene.

In FY20, we expect R&D expenses to increase compared to FY19 on account of both addition and advancements in our biosimilars, novels and ANDA pipeline.

Financial **Highlights**

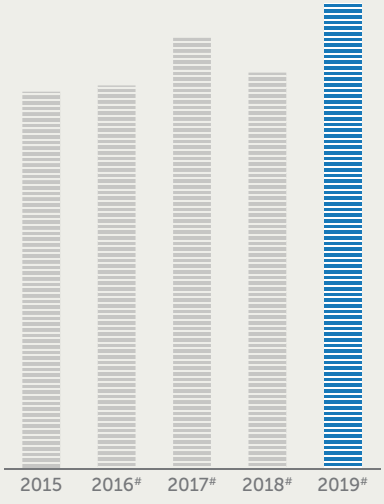
Segment-wise Revenue*

Small Molecules

₹ Million

Growth 18%

2015	2016#	2017#	2018#	2019#
14,432	14,583	16,405	15,077	**17,728**

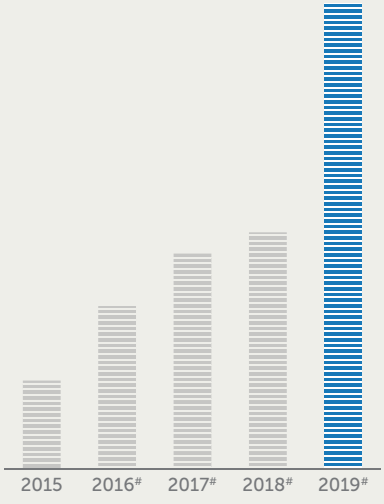


Biologics

₹ Million

Growth 97%

2015	2016#	2017#	2018#	2019#
2,857	5,296	7,018	7,702	**15,169**

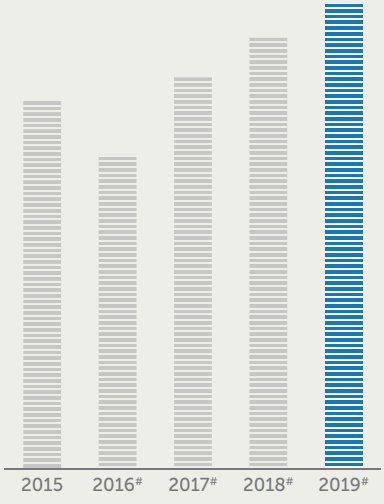


Branded Formulations

₹ Million

Growth 7%

2015	2016#	2017#	2018#	2019#
5,212	4,409	5,489	6,115	**6,564**

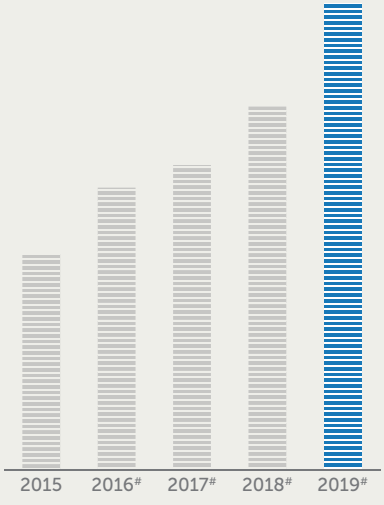


Research Services

₹ Million

Growth 28%

2015	2016#	2017#	2018#	2019#
8,514	11,070	11,925	14,231	**18,256**

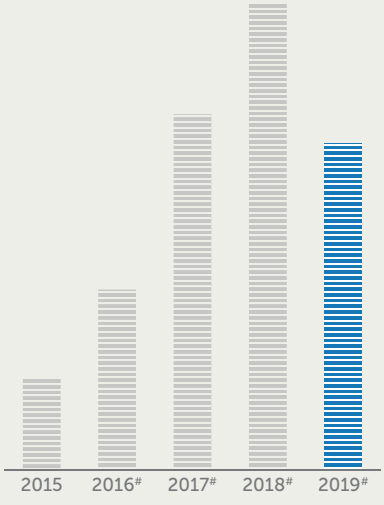


Other Income

₹ Million

Growth -30%

2015	2016#	2017#	2018#	2019#
414	792	1,571	2,062	**1,444**

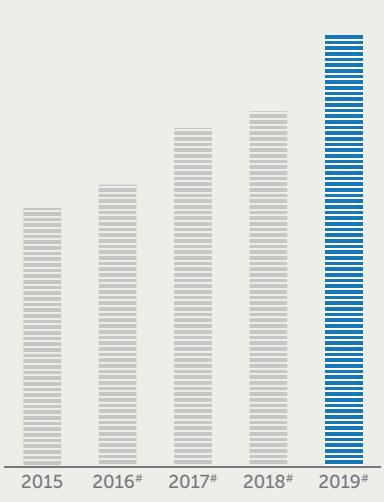


Total Revenue

₹ Million

Growth 31%

2015	2016#	2017#	2018#	2019#
31,429	34,602	40,787	43,359	**56,588**

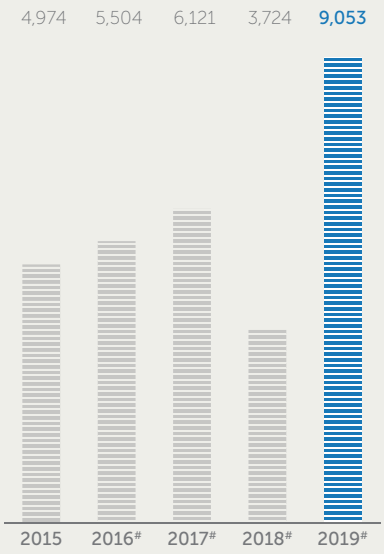


* Includes inter-segment revenue
# 2016-2019 figures are as per Ind AS

Profit*

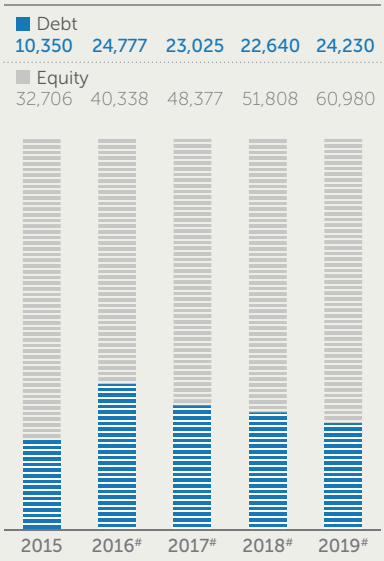
₹ Million

Growth 143%



Debt : Equity

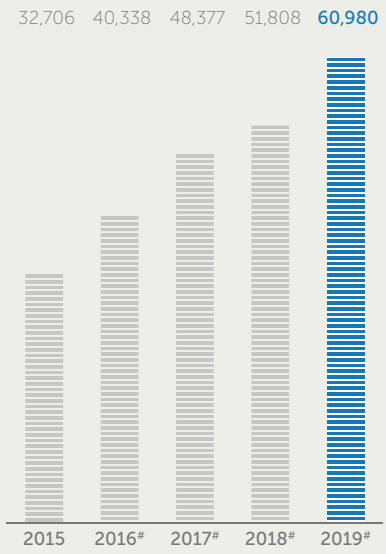
₹ Million



Net Worth

₹ Million

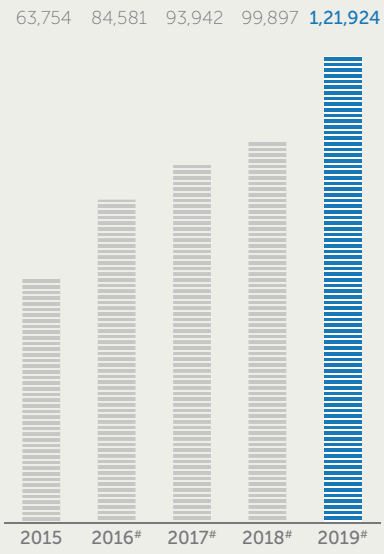
Growth 18%



Total Assets

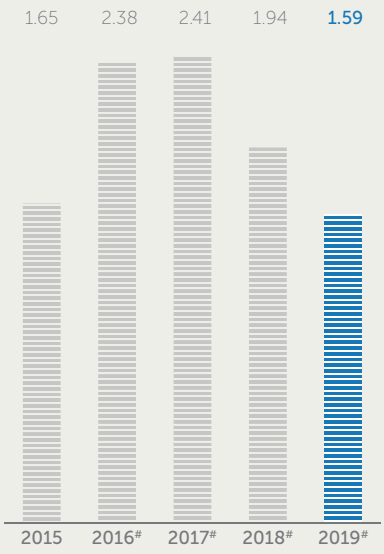
₹ Million

Growth 22%



Current Ratio

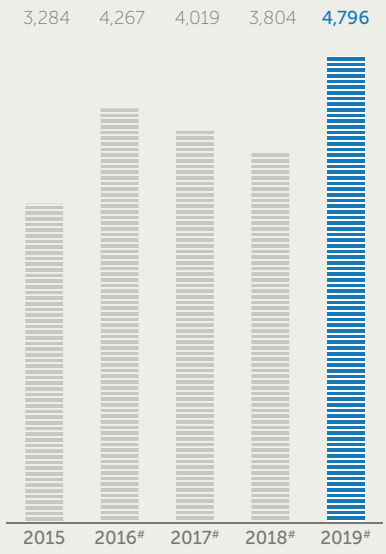
₹ Million



Gross R&D Spend

₹ Million

Growth 26%



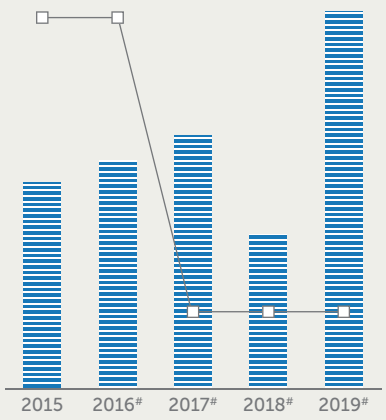
* includes exceptional income for the years 2015, 2016 and 2019
# 2016-2019 figures are as per IndAS

Financial **Highlights**

EPS & Dividend per Share*@

₹

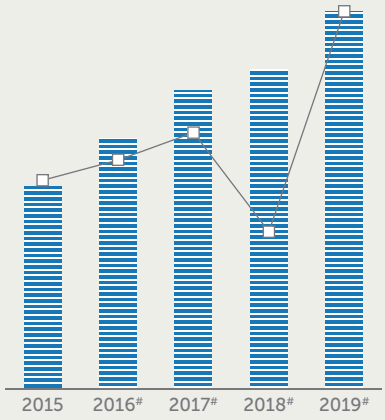
	2015	2016#	2017#	2018#	2019#
EPS	8	9	10	6	15
Dividend per share	2	2	1	1	1



EPS & Book Value Per Share*@

₹

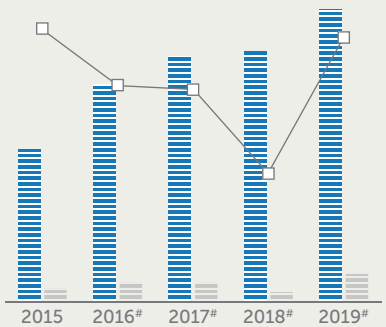
	2015	2016#	2017#	2018#	2019#
Book value per share	55	67	81	86	102
EPS	8	9	10	6	15



Return on Net Assets*^

₹ Million

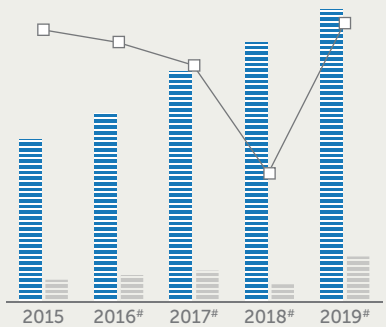
	2015	2016#	2017#	2018#	2019#
Net Assets	48,207	67,924	77,159	78,484	91,548
Profit	4,974	5,504	6,121	3,724	9,053
Return on Net Assets	10%	8%	8%	5%	10%



Return on Net Equity*

₹ Million

	2015	2016#	2017#	2018#	2019#
Average Equity	31,487	36,480	44,358	50,093	56,394
Profit	4,974	5,504	6,121	3,724	9,053
Return on Net Equity	16%	15%	14%	7%	16%



* Includes exceptional income for the years 2015, 2016 and 2019

\# 2016-2019 figures are as per IndAS

@ 2015 - 2017 are adjusted for bonus issue in 2018

^ Net assets = Total assets - Current Liabilities

Biocon Limited

Reliving Yesteryears **Co-creators**

Business Partners

Rajiv Malik

President, Mylan

Biocon's Business Partner since 2009

Global Development of Biosimilars

We have made significant progress with Biocon over the past decade to increase access to biosimilars for patients. We're proud of all that we have accomplished together, and in particular the strength of our scientific and regulatory teams. Today, these teams have received more than 65 regulatory approvals for several biosimilar products around the world, reaching numerous patients and expanding access to those in need. But we won't stop here. We continue to build on the successes of the collaboration and remain steadfast in our commitment to further patient access to critical biologic treatments and increase competition as healthcare costs continue to rise.

Craig A. Collard

Chief Executive Officer, Veloxis Pharmaceuticals

Biocon's Business Partner since 2006

Small Molecules APIs Business

We would like to congratulate Biocon, who is one of Asia's premier biopharmaceutical companies on their 40 year anniversary. Biocon's vision to make a difference in global healthcare through improved access to high quality, life-saving biotherapeutics has helped Veloxis not only develop but launch a product that is helping to improve the lives of transplant patients across the world. We are privileged to be part of the Biocon history and look forward to an exciting future as our partnership continues to grow.

Stefan Hendriks

Global Head of Biopharmaceuticals, Sandoz

Biocon's Business Partner since 2018

Global Development of Biosimilars

Biocon has proven to be a great complement to our biosimilar capabilities at Sandoz. By working together, we are realizing benefits at nearly every stage of the biosimilar value chain. We are proud that our collaboration with Biocon further strengthens our ability to deliver next-generation biosimilars, ultimately expanding access to high quality and affordable medicines for patients around the world.

Oscar Osorio Arechavaleta

CEO, Laboratorios PiSA

Biocon's Business Partner since 2002

Insulins & Small Molecules

Laboratorios PiSA is proud to have been one of Biocon's earliest partners for human insulin. Mexico has one of the highest prevalence rates of diabetes in the world, and because we recognised early on the importance of Biocon's insulin, we have been able to significantly increase insulin access for diabetes patients in Mexico for over a decade. Today, the vast majority of human insulin patients in Mexico receive the insulin produced through our partnership. We are also proud to have extended our partnership to insulin glargine, small molecules, and to now collaborating to bring a human insulin biosimilar to the U.S. market. Our partnership is built on a shared commitment to provide affordable access to insulins to patients, and we look forward to delivering on that promise together in the years ahead.

Dr. Izumi Sakakibara

Director & General Manager, Business Development FUJIFILM Toyama Chemical Co.,Ltd.

Biocon's Business Partner since 2012

Pharmaceuticals

We, FUJIFILM Toyama Chemical Co., Ltd., sincerely celebrate Biocon's 40th anniversary. Our alliance started in 2012 for the development of biosimilar Insulin Glargine in Japan. Based on the strong partnership and Biocon's innovative technology we achieved the milestone of launching a biosimilar Insulin Glargine pen in the Japanese market. The success of this product sets the stage for the expansion of our biosimilar footprint in Japan through our partnership with Biocon.

Alcebíades de Mendonça Athayde Jr.

CEO, Libbs Farmacêutica

Biocon's Business Partner since 2011

Biosimilar Mabs & APIs

We believe that Libbs has contributed to Biocon's development in the three important areas of regulatory, tech transfer and marketing, in Brazil. Our teams have worked together to build knowledge and wealth for both the companies. Together, we have made a significant impact on public health by improving access to biosimilars in Brazil.

Leonard Ariff Abdul Shatar

Group Managing Director, Duopharma Biotech Berhad

Biocon's Business Partner in Malaysia since 2012

Insulins and MABs

The strategic partnership between Duopharma Biotech Berhad (formerly known as CCM Duopharma Biotech Berhad) (Duopharma Biotech), Malaysia's leading pharmaceutical company and Biocon Limited (Biocon) has brought affordable cancer and insulin therapeutic options to the country. The award of the RM300 million contract to Biocon Sdn Bhd and Duopharma Marketing Sdn Bhd (formerly known as CCM Pharmaceuticals Sdn Bhd) to supply locally produced Insugen (recombinant human insulin) and the recent successful launch of Basalog One (Insulin Glargine pen) as well as Zuhera (Trastuzumab) have positioned Biocon as an innovative and progressive company in Malaysia. The partnership of Biocon and Duopharma Biotech has established both these companies as key players in the diabetes and cancer markets, with the government, healthcare professionals and patients. The supply of insulins in Malaysia has provided a good base for the state-of-the-art manufacturing facility in Johor to operate economically. This provides Biocon with the foundation to explore export opportunities to bring affordable insulin therapies from its Malaysian plant to the rest of the world. It is our hope that the continued future collaboration of Biocon and Duopharma Biotech will bring our companies even closer and 'provide smarter solutions for a healthier life' to patients and customers in Malaysia and neighbouring countries.

Our Business **Journeys**

A Journey of **Building Global Scale**

SMALL MOLECULES

APIs and Generic Formulations

60+

As one of the largest makers of statins and immunosuppressants in the world, we supply these APIs to over 60 countries.

Biocon was among the early movers in developing a portfolio of fermentation derived statins, then referred to as 'the wonder drug of the 21st century' as they helped reduce blood cholesterol and prevent heart disease. Our scientists developed several non-infringing processes for manufacturing statins, which gave us a competitive edge in the global markets.

Most drugs on the market today are small molecules. These are compounds of low molecular weight (less than 900 daltons), which are usually taken orally in the form of a tablet, capsule, or liquid, or can be injected or infused.

India's patent laws in the 1980s had allowed local drug makers to build considerable competencies and offer a large number of small molecule generic drugs legally in the country at a fraction of the price of drugs sold in the Western world. A highly competitive domestic pharma industry ensured the country was self-sufficient in the production of both bulk drugs and finished dosages. Generic pharma producers in India were able to bring down the prices of life-saving drugs for tuberculosis, HIV, hepatitis etc. by as much as 90%. In doing so, India emerged as a vital manufacturer of affordable generic medicines for various acute and chronic conditions and became the world's largest supplier of generic drugs.

At that point in time, Indian vaccine producers were developing vaccines using fermentation which helped them disrupt the market through low-cost yet high quality, vaccines. Biocon, on the other hand, was using this technology to produce high quality bio-enzymes and supplying to the regulated markets of U.S. and Europe. This legacy gave us the confidence to take the unconventional path of producing biopharmaceuticals using fermentation technology. Thus we embarked on the next leg of our journey to develop a range of biopharmaceuticals to address chronic diseases. We set up a large-scale fermentation based manufacturing facility for APIs in Bengaluru and started work on statins and immunosuppressants.

Our move into biopharmaceuticals helped us accelerate revenue growth, from ₹318 million in 1999 to over ₹5 billion in 2004.

2004

Commercialized Lovastatin in the U.S. in 2004.

Statins Frontrunner

Biocon was among the early movers in developing a portfolio of fermentation-derived statins, then referred to as 'the wonder drug of the 21st century' as they helped reduce blood cholesterol and prevent heart disease. Our scientists developed several non-infringing processes for manufacturing statins, which gave us a competitive edge in regulated markets.

We started developing Lovastatin in early 2000 using an innovative solid state fermentation technology. The submerged fermentation process used by the innovator was still under patent protection then. Our novel process helped us obtain our first approval from the U.S. Food & Drug Administration for manufacturing Lovastatin in 2001. We were the only company in the world to use this technology and were one among three players globally with approvals to supply the API to the U.S.

We simultaneously developed the submerged fermentation process for manufacturing Lovastatin for which we received U.S. approval in 2003. We commercialized Lovastatin in the U.S. in 2004, and successfully obtained Certificates of Suitability from the European Directorate for the Quality of Medicines (EDQM), qualifying our drug substances for use in EU member states. We were one of the largest APIs suppliers to leading Indian generics manufacturers for formulations they sold in the global markets.

2000

Biocon developed Mycophenolate Mofetil (MMF) using proprietary fermentation technology in 2000.

Statins went on to become a big growth engine for the company, fuelled by our early mover advantage in products like Lovastatin, Simvastatin, Pravastatin and Atorvastatin. We were among a handful of companies with U.S. and EU-approved APIs for these fermentation-derived statins, which helped lower the competitive intensity otherwise typical of chemistry-based APIs. This competitive edge led us to capture a significant market share for statin APIs in regulated markets by the mid-2000s.

We are now one of the largest statins manufacturers in the world supplying our drug substances to over 60 countries.

Seizing the Immunosuppressants Opportunity

As our expertise in microbial fermentation advanced, we recognized the potential advantages of combining our skills in solid state and submerged state fermentation technologies. Our R&D program to develop a novel hybrid bioreactor combining the two culminated in a patented invention, PlaFractor™. This unique bioreactor enabled solid state fermentation and extraction in the same vessel resulting in a unique containment feature that could be effectively utilised for the manufacture of highly contamination-sensitive products like immunosuppressants.

We quickly scaled up our novel PlaFractor™ technology to plant level and started a facility to manufacture Mycophenolate Mofetil (MMF). Our technology proved a commercial success as Biocon was one of the first companies to make MMF in 2000. We followed up with a full suite of generic immunosuppressants, including Tacrolimus and Mycophenolic Acid (MPA) Sodium using submerged fermentation technology.

Biocon is today one of the largest producers of immunosuppressant APIs globally, with a basket spanning MMF, MPA, Tacrolimus, Sirolimus and Everolimus. We are global suppliers of Tacrolimus and Sirolimus drug substances. Our immunosuppressant APIs are being supplied to leading international as well as Indian pharma companies.

50%

We are a leading producer of the Orlistat API with over 50% share of the global market.

Expanding our API Offerings

Having made an impact with statins and immunosuppressants, our R&D team kept working at new processes and produced more than a dozen difficult-to-make APIs through the 2000s. We developed Orlistat, an anti-obesity drug, using a combination of fermentation and synthetic chemistry techniques. Today, we are a leading producer of the Orlistat API with over 50% share of the global market.

In 2010, Biocon entered into a long-term supply agreement with Optimer Pharmaceuticals for the commercial manufacturing of the API, fidaxomicin, then the first in a new class of antibiotics for the treatment of a potentially life-threatening infection caused by the Clostridium difficile bacteria, which was a major threat in hospitals across the U.S.

Biocon's expertise in fermentation technology and synthetic chemistry gave us a key competitive edge, making us the sole supplier of the drug substance for this proprietary molecule to Optimer for global markets. Optimer is now a part of Merck (U.S.) through a sequence of M&As. Consequently, our supplies of fidaxomicin are now to Merck (U.S.).

Forward Integration Into Generic Formulations

Having built a strong Small Molecules business around a robust portfolio of APIs, which included statins, immunosuppressants and peptides, the natural progression of our technical competencies lay in forward integration to generic finished dosages. For over a decade we had built expertise in complex APIs. Our work in biosimilars had also led us to develop complex characterization, bio-analytical and strong manufacturing skills. We capitalized on these strengths to build a robust pipeline of difficult-to-make niche formulations especially for chronic conditions. We also built a portfolio of potent molecules and early entry opportunities through patent challenges or non-infringement.

Our existing cGMP compliant manufacturing facilities, including our injectable formulations and fill-finish facilities, worked to our advantage in this new endeavor.

In 2013, the Small Molecules business took a big step forward by creating a new Generic Formulations sub-business unit to vertically integrate into manufacturing finished dosage forms. This would help us address an important need in the market – continuity of supply for quality drug products. Our focus was chronic therapy areas, such as metabolics, oncology, immunology and autoimmune indications. We commenced multiple programs to build a robust pipeline of technology-intensive molecules for global markets, primarily the U.S.

We built commercial infrastructure to support this initiative in the U.S. Our brand equity as a reliable API supplier helped us, in a very short time, to build a good network of accounts that includes wholesalers, retailers, Pharmacy Benefit Managers (PBM), Health Management Organizations (HMO) and Group Purchasing Organizations (GPO).

In order to accelerate our entry into the U.S. generic formulations market, we decided to start with formulations for our statins portfolio as these are high volume products and our backward-integration into the API could help us deliver the volumes consistently. We introduced Rosuvastatin Calcium tablets under our own label in the U.S. in 2017. Since then, we have also launched formulations of Atorvastatin and Simvastatin. We also successfully debuted in Europe

by commercializing our Rosuvastatin formulations through a local partner in January 2018.

Biocon has successfully garnered a high-teens share of the market for Rosuvastatin tablets in the U.S. despite competing in a commoditized market with many other players.

Small Molecules Portfolio Holds Bright Prospects

Since the late 1990s, we have emerged as a preferred APIs partner for over 1,000 pharma companies in more than 100 countries and have long-term business relationships with many of them. We now want to leverage and expand upon the reliability we have built over the years to emerge as a key player with our Generic Formulations aimed at niche therapy areas. Potential customers who wish to secure their supply chain from a continuity of supply perspective appreciate our vertical integration across APIs and formulations and consistent track record in quality compliance.

To fuel future growth, we are developing newer fermentation and chemical synthesis-based APIs, which may have technical barriers for entry such as complexity in manufacturing, potent compounds or a mix of both. We are also working on a niche portfolio of finished dosage forms, which includes solid oral and parenteral products in both potent and non-potent categories of compounds.

To support our filings, we had commissioned our first oral solid dosage facility in Bengaluru in 2017. The facility successfully completed several regulatory audits subsequently following our various filings in the U.S. and Europe.

2017

Our first oral solid dosage manufacturing facility commissioned.

SMALL MOLECULES: FY19 at a Glance

Revenue

17,728

₹ Million

Growth 18%

The Small Molecules segment in FY19 recorded good growth on account of APIs as well as ramp up in the Generic Formulations sales. Higher volumes and pricing stability for Statins & Immunosuppressants led the growth in API sales while the Generic Formulations business recorded robust growth, albeit from a small base due to new product introductions in the U.S. market. We successfully commercialized Atorvastatin and Simvastatin formulations in the U.S. and recorded market share gains in the previously launched Rosuvastatin formulations. More launches are expected in the next 2-3 years, which cumulatively provide revenue growth visibility to this segment.

+ Read more on Small Molecules Business : Page 135

A Journey **of Self-Belief**

BIOSIMILARS
Insulins, mAbs and Other Biologics

15+

We have over 15 years of expertise in providing biosimilar insulins to patients globally.

Biocon realized the potential of biosimilars very early on and decided to invest in developing them for global markets at the turn of the millennium. It was early days, India had just approved its first biosimilar, a vaccine for hepatitis B. It took a special kind of fortitude to foray into a complex therapeutic space where the regulatory pathway was still evolving and the international landscape was complex and dynamic.

Biological medicines are playing a critical role in the treatment of serious illnesses such as diabetes, cancer and immune-mediated inflammatory diseases. These innovator drugs, launched in the late 1990s and 2000s, are expensive and hence not accessible to all patients. The top nine branded biologic drugs generated global sales of USD 62 billion in 2018, as per a recent Morgan Stanley research report. As patents on these drugs have either expired or are about to expire by 2025, their biosimilar versions have either hit the market or are currently under development.

As the term suggests, biosimilars possess similar medicinal properties to the original biologics they are referenced to, with similar expected patient outcomes. Targeted as alternatives to existing patented and approved biologics, they have little structural variance, and comparable safety and efficacy to the originator biologic. Unlike small molecule generics, biosimilars require huge investments in research and manufacturing infrastructure as they are more complex, have less-established regulatory pathways and face intellectual property hurdles.

Nonetheless, biosimilars are relatively inexpensive when compared to originator biologics and hence more affordable for patients. Governments and regulatory agencies have recognized the role of biosimilars in addressing issues of access and affordability. They have introduced several measures to support biosimilar development and approval, encourage uptake across multiple indications and foster reimbursement.

The Biosimilars Opportunity

Having realized the biosimilars potential very early on, Biocon decided to invest in biosimilars development for global markets at the turn of the millennium. It was early days, India had just approved its first biosimilar, a vaccine for hepatitis B.

It took a special kind of fortitude to foray into a complex therapeutic space where the regulatory pathway was still evolving and the international landscape was complex and dynamic.

Europe introduced a biosimilars regulatory framework in 2005 leading to the first biosimilar approval in 2006. Since then many biosimilars have received approvals and witnessed good market penetration in the EU region. These biosimilars generated savings of over EUR 1.5 billion in the five largest EU markets alone between 2006 and 2017 *(Medicines for Europe report).*

Biocon, along with partner Mylan, has received approvals for three biosimilars, Trastuzumab, Pegfilgrastim and Insulin Glargine, and commercialized two of them in Europe.

The U.S. was a late entrant in this area, approving its first biosimilar only in 2015. Till June 2019, 20 biosimilars, have been approved by the U.S. Food and Drug Administration (FDA). Biocon is the only company from India to have obtained U.S. approvals for two of its biosimilars, Trastuzumab and Pegfilgrastim, co-developed with Mylan.

With Morgan Stanley estimating the U.S. and EU biosimilar markets to grow at a CAGR of 24% to USD 13.3 billion by 2025 from USD 2.9 billion in 2018, a number of companies worldwide are pursuing biosimilar development despite the prohibitive costs and complexity involved.

An Indigenuous Insulin for Diabetes Patients in India

In the 2000s, India was home to a quarter of the world's then 120 million people with diabetes, and they only had access to expensive imported insulin brands sold by global innovator companies.

Biocon started a biosimilar insulins program in the early 2000s to indigenously develop

2+ Bn

We have cumulatively provided over 2 billion doses of our biosimilar insulins to patients in several countries.

a safe, effective and affordable alternative to this life-saving therapy for Indians who needed insulin to manage their diabetes.

While the product patent on human insulin had long expired, it continued to be protected by strong process patents. Most of the patented processes were using the yeast, Saccharomyces cerevisiae or the bacteria, Escherichia coli to manufacture recombinant human Insulin (rh-Insulin).

As a part of our differentiation strategy, we chose to develop our own proprietary technology based on the methylotropic yeast, *Pichia pastoris,* to produce insulin which was not explored before, hence it was not patent protected.

Pichia as a production system was familiar to us as we had used it in the past to make recombinant phytase, an enzyme used in human health and animal nutrition.

Our rh-Insulin underwent extensive clinical trials in India before we obtained regulatory approval to launch the product as Insugen® in 2004. We compelled the innovator companies to drop prices of their brands by launching Insugen® at a fraction of prevailing insulins prices.

Today, our rh-Insulin is registered in over 40 countries worldwide and has been commercialized in many emerging markets.

Moving to Modern Insulins

The 1990s saw the advent of insulin analogs, which mimicked the body's own insulin production. Insulin Glargine was the first long-acting analog to become commercially available. It allowed better metabolic control, thereby ensuring a better quality of life and improved treatment satisfaction. Having made a difference to people with diabetes in India with our rh-Insulin, we took up the challenge of developing biosimilar Insulin Glargine.

The completion of the process and analytical development, non-clinical and clinical studies for Insulin Glargine in India culminated in its approval and subsequent launch under the brand name Basalog® in 2009, providing diabetes patients with an advanced, affordable insulin therapy.

To take biosimilar Insulin Glargine to people with diabetes worldwide, Biocon initiated a global development program in 2010. The program got a fillip in 2013, after Mylan, a global leader in generic medicines, came forward to partner us for co-developing a basket of insulin analogs, including Insulin Glargine, Insulin Aspart and Insulin Lispro. It was an extension of an earlier agreement to jointly develop monoclonal antibodies and other biologics with Mylan for global markets.

Introducing Patient-Friendly Insulins Devices

As insulins use increased globally, insulin makers across the world began replacing syringe delivery with novel delivery devices like insulin pens, which were less painful and provided people with diabetes an easy-to-use, convenient-to-administer and accurate method of insulin delivery.

2015

Our biosimilar Insulin Glargine was the first insulin to be approved as per the new bio-comparable guidelines of COFEPRIS, Mexico, in 2015.

In 2011, we introduced INSUPen®, a reusable insulin device manufactured with high precision German technology, which offered metered dosing of Insugen® & Basalog®.

Biocon's reusable pens are today available in India, Malaysia and a few other emerging markets, where they have made a significant impact on the quality of life of patients who need treatment for their diabetes.

To take our insulins to the maximum number of people with diabetes we added disposable pens to our portfolio in 2015 since most of the patients on insulin in the Western world preferred this option. We partnered with one of the world's leading medical device makers, Becton Dickinson, to design a pre-filled, disposable insulin pen for both the Indian and global markets. This was the first product to roll out from our Bengaluru-based devices facility set up for manufacturing new generation, patient-friendly insulin devices. The pen, Basalog One®, strengthened our Insulin Glargine portfolio comprising vials, refills and reusable devices.

Making a Difference in Diabetes Management Worldwide

In line with our commitment to make global impact we forged strong regional partnerships in many key emerging markets to provide access to our high-quality yet affordable recombinant human insulin.

For instance, in Mexico, along with our partner Lab PiSA, we have been providing access to our affordable rh-Insulin therapy for over a decade. In 2015, our Insulin Glargine became the first insulin to be approved as per the new bio-comparable guidelines of COFEPRIS, the Mexican Health Authority.

The debut of our insulins in the developed markets happened in 2016 with the approval of our Insulin glargine pen in Japan. This was a landmark achievement for us. While Biocon did the product development, the Japanese partner FUJIFILM Pharma conducted the local clinical studies and commercialized our product.

We had finally entered a regulated market with our own biosimilar, and in doing so became the first company from India to commercialize a biosimilar in Japan.

The approval of our product enabled access to an affordable, world class, pre-filled, disposable pen for the 7.2 million people with diabetes in Japan in 2016 *(IDF)*. Till then, only seven biosimilars had received approvals in Japan, including one biosimilar version of Insulin Glargine. Given Japan's reputation of high product quality expectations and stringent manufacturing standards, the commercialization of our product enhanced our global credibility manifold.

Our partner Mylan submitted a Marketing Authorization Application (MAA) for biosimilar Insulin Glargine with the European Medicines Agency in 2016. It culminated in the approval of Semglee® (Insulin Glargine) in March 2018 and its commercialization in late 2018. Mylan also obtained approval for Semglee® in Australia subsequently.

Our biosimilar Insulin Glargine has been approved in over 60 countries and is commercialized in several key emerging markets like Mexico, Malaysia, South Korea, and UAE, where it is offering an affordable treatment option to millions of people with diabetes.

Even as we make a difference globally with our biosimilars for rh-Insulin and Insulin Glargine, we are working on widening our basket with Insulin Aspart. This rapid-acting insulin analog is currently progressing well in Phase III clinical studies.

Looking to Address the Insulins Crisis in U.S.

We are sensitive to the plight of insulin-dependent diabetes patients in the U.S., where prices of this essential medication have tripled between 2002 and 2013 and many patients are spending hundreds, sometimes thousands, of dollars out of their pockets every month to buy innovator brands *(JAMA)*.

As a company driven by its mission to provide affordable access to high quality, life-saving therapies, we are committed to enable access in the U.S. to our insulins for patients with diabetes.

40+

Our rh-Insulin is registered in over 40 countries worldwide and has been commercialized in many emerging markets.

Our strategy of disruptive pricing helped increase insulin access for diabetes patients in India 15 years ago. Since then we have built one of Asia's largest integrated insulins manufacturing facilities in Malaysia and India to drive economies of scale, enabling us to provide millions of doses of insulin at affordable prices in emerging and developing countries, including Japan and some countries in the European Union.

In fact, we have been providing our insulins in Mexico through our partner for over a decade at a fraction of the price patients pay in the U.S. Through rh-Insulin and Insulin Glargine we have been helping people with diabetes in Mexico manage their condition better by providing affordable access to these critical insulin therapies.

We initiated global development for Insulin Glargine to address patient needs in the U.S. in 2010 and our partner Mylan made a regulatory submission in 2017. However, a 30-month stay was triggered on the approval of the biosimilar due to a patent litigation initiated by the innovator. We believe the final approval of Insulin Glargine is linked to the end of stay period which is expected in March 2020.

Furthermore, we have initiated development of rh-Insulin for the U.S. market. We are greatly encouraged by the positive actions taken by the U.S. FDA in clarifying the path to approval of biosimilar insulins through the transition from the 505 (b)(2) to the 351(k) legislations and in terms of specifying requirements for an interchangeable designation.

Targeting Cancer & Autoimmune Diseases

Our multi-disciplinary technological capabilities combined with a growing expertise in clinical development enabled us to enter the complex territory of mammalian cell culture technology as early as 2003. Mammalian cell culture is key to developing monoclonal antibodies (mAbs), which are complex biomolecules that display specific affinity towards the target antigen or receptor on a tumor cell and initiate a complex set of events that leads to tumor regression and in some patients, complete remission.

Though these molecules stood at the steep end of the learning curve, we leveraged our cutting-edge science and technology capabilities in process development and analytical characterisation to develop in-licenced humanized antibodies for life threatning diseases like cancer and autoimmune conditions like psoriasis. Our path-breaking work in the field led to the launch of India's first novel mAb in 2006. It also drew global attention to our R&D capabilities in the realm of complex biologics. Mylan partnered with us in 2009 to develop a high value portfolio of biosimilars, comprising Trastuzumab, Pegfilgrastim, Bevacizumab, Adalimumab and Etanercept. In 2018, we agreed to expand our collaboration and added two new next-generation biosimilar programs.

Bringing World's 1st Biosimilar Trastuzumab to India

Our collaboration with Mylan witnessed its first success in India in 2013, when our molecule became the first biosimilar

Trastuzumab to win approval anywhere in the world. Trastuzumab was hailed as a path-breaking targeted therapy for HER2-positive breast cancer patients. The aggresive cancer cells spread more rapidly than other breast cancers, putting women with HER2-positive breast cancer at a much higher risk of death.

Successful completion of multi-centric clinical trials in India led to the approval and subsequent launch in 2014 of the biosimilar under the brand name CANMAb™ in India for treatment of HER-2 positive breast cancer.

2017

The U.S. FDA approval of Ogivri®, our biosimilar Trastuzumab, in 2017 was an endorsement of Biocon and Mylan's combined strength of cutting-edge science, clinical development and manufacturing capabilities.

Putting India on the Global Biosimilars Map

We had started a global study in 2013 to evaluate the comparative efficacy and safety of our biosimilar Trastuzumab versus the reference product. This HERITAGE study was the last major step of a multi-phased program to demonstrate that our biosimilar Trastuzumab met the criteria for equivalence in comparison to the reference product. Results of the landmark study allowed our partner Mylan to submit a robust data package to the U.S. FDA as part of its Biologics License Application for biosimilar Trastuzumab in November 2016.

In mid-2017, the U.S. FDA's Oncologic Drugs Advisory Committee (ODAC), which provides independent expert advice to the agency on issues including product approvals, unanimously concluded that no clinically meaningful differences existed between our biosimilar and the innovator product in terms of safety, purity and potency.

The 16-0 recommendation by ODAC culminated in the final approval for Ogivri® in December 2017, making us the first globally to win U.S. approval for biosimilar Trastuzumab indicated for certain HER2-positive early stage and metastatic breast cancers, as well as, metastatic gastric cancer. It was a historic achievement, as we were the first company from India to get U.S. FDA approval for a biosimilar.

We followed up with regulatory approvals for Ogivri® in the developed markets of EU and Australia in 2018. Breast and gastric cancer patients in several countries in Europe are now benefiting from our biosimilar Trastuzumab after Mylan commercialized it in early 2019.

We have also made this key cancer therapy affordable and thus accessible for cancer patients in several emerging markets in the Latin America, AFMET and APAC regions.

1st to Launch Key Biosimilar Cancer Therapy in U.S.

Biocon and Mylan achieved another first in the form of U.S. FDA approval for the jointly developed biosimilar Pegfilgrastim, Fulphila®, in June 2018, crossing the finishing line ahead of a pack of strong competitors.

The approval for Fulphila® was based on a comprehensive package of analytical, non-clinical and clinical data, which confirmed that the product is highly similar to the innovator brand. The drug reduces the duration of febrile neutropenia (fever or other signs of infection with a low count of neutrophils, a type of white blood cells) in patients treated with chemotherapy in certain types of cancer.

Fulphila® became the first biosimilar from our joint portfolio and the first biosimilar Pegfilgrastim commercialized in the U.S. Since its introduction in July 2018, Fulphila® has captured a 21% share of Pegfilgrastim syringes market volume in the U.S. *(Bloomberg Symphony data in Goldman Sachs report May 2019)*.

60+

Our biosimilar Insulin Glargine has been approved in over 60 countries and has been commercialized in several countries globally.

Fulphila® has also won approvals in the developed markets of EU, Australia and Canada. These approvals have expanded our oncology portfolio for the benefit of cancer patients and supported our global mission to improve access to high quality, affordable biologic therapies to treat cancer.

Expanding our Oncology Portfolio In India

We launched KRABEVA®, our biosimilar Bevacizumab, in India in November 2017. Our second oncology biosimilar in India after Trastuzumab, KRABEVA® is prescribed for metastatic colorectal cancer (mCRC) and several other types of lung, kidney, cervical, ovarian and brain cancers. We obtained approval to market this biosimilar in India on the basis of a Phase III clinical study conducted on mCRC patients.

To take the drug to a global patient pool we are conducting global Phase III clinical trials for biosimilar Bevacizumab, which are making good progress.

Working on Next-Gen Biosimilars

In 2018, we signed another global partnership for biosimilars with Sandoz, a Novartis division to co-develop a set of immunology and oncology biosimilars.

The collaboration with Sandoz will give us the opportunity to participate in end-to-end development and manufacturing of partnered products, as well as obtaining regulatory approvals and commercializing them in chosen geographies.

Work on the biosimilars partnered with Sandoz, though at an early stage, prepares us for the next wave of biosimilar opportunities scheduled to emerge by the middle of next decade.

Promising Opportunities Ahead

Given their potential to deliver enhanced patient care, the medical and pharmaceutical world is very optimistic about the biosimilars opportunity. More than 400 million patient days of clinical experience worldwide have been generated between and 2006 and 2016, providing enough evidence to suggest that biosimilars can be used as safely and effectively as their reference medicines.

At the same time, biosimilars have increased patient access to latest treatments. The availability of biosimilar Filgrastim ensured 44% more patients in the five largest EU markets gained earlier access to gold standard medicines between 2006 and 2014 *(Medicines for Europe report)*.

Thus, biosimilars are an exciting space to be in, promising long-term growth for early movers like Biocon.

Over a span of a decade, we have developed a rich pipeline of approved and in-development biosimilars that have concurrently built high end R&D and regulatory expertise. Along with Mylan, we have successfully commercialized three biosimilars in the developed markets, viz. Pegfilgrastim in U.S., Trastuzumab and Insulin Glargine in Europe. Biocon-supplied products also hold dominant shares for Trastuzumab, rh-Insulin and Insulin Glargine biosimilars in several key emerging markets.

Our biosimilars addressed the needs of nearly 2 million* patients in FY19, and we aim to touch 2.6 million patient lives in FY20 in line with our commitment to make a difference to patients globally in managing diseases that are chronic, and where medical needs are largely unmet and therapy costs are high.

**Note: The estimated patient reach numbers have been calculated indirectly based on volume supplied and certain assumptions related to dosage per patient, duration of treatment, units sold, internal data and market research reports.*

Status of Biocon's Global Biosimilars Portfolio

	Therapeutic Area	Molecule	Status
MYLAN & LOCAL PARTNERS	Oncology	TRASTUZUMAB	Launched in EU & Emerging Markets. Approved in U.S., Canada & Australia.
	Oncology	PEGFILGRASTIM	Launched in the U.S. Approved in EU, Australia & Canada.
	Oncology	BEVACIZUMAB	Launched in India. Global Phase III.
	Oncology	FILGRASTIM	Preclinical
	Oncology	PERTUZUMAB	Early development
	Diabetes	INSULIN GLARGINE 100 IU/ML	Launched in the EU, Japan# & Emerging Markets. Approved in Australia & New Zealand. Under review in U.S.
	Diabetes	INSULIN GLARGINE 300 IU/ML	Early development
	Diabetes	INSULIN ASPART	Global Phase III
	Diabetes	INSULIN LISPRO	Preclinical
	Diabetes	RECOMBINANT HUMAN INSULIN	Launched in Emerging Markets. In active development for U.S. (partnered with Lab PiSA)
	Autoimmune	ADALIMUMAB	Partner Mylan has launched in-licensed product Hulio® in EU. Biocon benefits from economic interest
	Autoimmune	ETANERCEPT	Partner Mylan's in-licensed product filed for approval in EU. Biocon retains economic interest
SANDOZ	Oncology & Immunology	VARIOUS ASSETS	Early stage development

#Japan launch is outside of the Mylan partnership

As on May 2019

BIOLOGICS: FY19 at a Glance

Revenue

15,169

₹ Million

Growth 97%

FY19 has been a landmark year for the Biosimilars business, with revenues of the Biologics segment doubling over last year, to cross the USD 200 million milestone. Our biosimilars strategy has begun to deliver results with the launch of our key biosimilars in the U.S. and Europe and other global markets. The launch of biosimilar Pegfilgrastim in the U.S. and increasing sales of biosimilar Trastuzumab in the emerging markets were the main contributors to this growth.

Other notable highlights include launch of biosimilar Insulin Glargine, biosimilar Trastuzumab and in-licensed biosimilar Adalimumab, by our partner Mylan in Europe.

Higher revenues, including impact of profit share in both developed and emerging markets, offset higher R&D and fixed costs, leading to significant improvement in margins not only in the Biologics segment, but also at the consolidated level. Segment PBIT improved from negative 2% last year to 26% in FY19, reflecting a very strong performance over last year.

+ Read more on Biologics Business : Page 136

Sources:
1. *Biosimilars: An emerging market opportunities in India (P Rushvi, K Charmy, C Nirav, C Narendra - Pharmaceut. Reg. Affairs, 2016)*
2. *U.S. FDA website*
3. *Cell factories for insulin production (Baeshen NA, Baeshen MN, Sheikh A, et al. - Microb Cell Fact, 2014)*
4. *Pichia Power: India's biotech industry puts unconventional yeast to work (Chandra Shekhar - Chemistry & Biology, 2008)*

Reliving Yesteryears **Co-creators**

Brand Ambassadors

Murali Krishnan

1981-2014

Chief Accountant -> President, Group Finance -> Advisor

Former CFO, Biocon

It has been a wonderful journey of four decades from a start-up to a leading global biopharmaceuticals company. From being a part of a four member team to an over 11,000 people strong organization today, it has been a journey of immense pride. Kiran's leadership style of giving responsibility with complete authority to take decisions encouraged all of us to go beyond the call of duty. As the CFO of Biocon my mission was to enable growth of Biocon through prudent financial management.

Suresh Talwar

2003-2014

Former Board Member

Biocon

It was a great pleasure for me to serve on the Board of Biocon for over 10 years. After I retired from Biocon, I joined the Board of Syngene on Kiran's request. I am proud of my association with Biocon and Syngene, which was a direct consequence of my relationship with the late Neville Bains and John Shaw who were keen to have me on the Board of Biocon. I am grateful to Kiran for personally inviting me to join Biocon and serve as a member of the Board. My law firm handled the legal aspects of Biocon's IPO in 2004 and witnessed the landmark success of India's first publicly listed Biotech Company.

Dr. Vijay Chandru

1990 onwards

INAE Distinguished Technologist, Indian Institute of Science; Co-Founder Director, Strand Life Sciences

Key Stakeholder in Biocon's 40-year Journey

My deepest felicitations to the Biocon family and Kiran in particular on this wonderful occasion of the 40th anniversary of its extraordinary journey. My reflections on this journey have personal and professional dimensions. Kiran and I were born the same year in families that were socially connected. When I was a young academic in the U.S., I would meet Kiran on visits to Bengaluru and learn about her early entrepreneurial adventures. I joined the faculty of the Indian Institute of Science in the 1990s and a group of us began to work at the interface of computation and biology which led to the creation of Strand Genomics, India's first example of academic entrepreneurship.

It was Kiran and the Biocon leadership that advised and mentored us when we set up Strand. For the last two decades, we have been colleagues in the development of the bioeconomy of India as entrepreneurs, industry advocates and policy advisors to the state. It has been amazing to witness the dramatic scale-up of Biocon from its garage beginnings to its breakthroughs in innovation and the manufacture of recombinant human Insulin, Trastuzumab and the enormous impact in diabetes and cancer management that Biocon now has a global footprint in. We are all so proud of Biocon's achievements and what it has done to make Bengaluru, the 'Boston of the Orient'.
Happy 40th Biocon.

Current Marshals

Dr. Anuj Goel

1996- Present

Management Trainee - > Vice President

R&D, Biocon

I joined R&D in the early days to set up the process development group. I have built teams, infrastructure and processes in R&D over the last 20 years. Starting with fermentation processes for statins and immunosuppressants in the initial years, the team enabled Biocon's entry into recombinant human insulin, insulin analogs and other biosimilar microbial products.

Our team's foray in cell culture allowed us to bring technologies for Nimotuzumab and Itolizumab into India. The development of state-of-the-art platform cell culture processes have enabled Biocon to manufacture best quality and cost-effective processes for monoclonal antibody biosimilars. Working with a vibrant and high performing R&D team has been the most rewarding moments of my career at Biocon.

When I started my career with Biocon, it was evolving from an enzymes to a biopharmaceuticals company. I was fortunate to have been a part of Biocon's evolution from developing and manufacturing fermentation-based APIs and complex molecules to generic formulations and biologicals. The environment, the open culture of the company, the freedom to operate, and the passion to achieve the impossible were the driving forces behind my long stint.

A large part of my life was filled with work and the only way to be truly satisfied is to do what I believe is great work.

It is not easy to sustain a long career. It involves hard work, perseverance, learning, sacrifices and most of all a passion to pursue your dreams. More than 17 years later I am still with this great organization and have no regrets.

Along the way, I have received immense support from team members, leads, heads of departments and the management. During my time at Biocon I have learnt that it's not what you achieve, it's what you overcome that defines your career.

Girija Kelath

2002 – Present

Deputy Manager - > Associate Vice President

Regulatory Sciences, Biocon

A Journey of **Differentiation**

BRANDED FORMULATIONS

India and UAE

~400,000

Our flagship brands, Insugen® and Basalog®, have cumulatively made a difference to nearly 400,000 diabetes patients in India since launch.

The launch of India's first indigenously developed and produced recombinant human Insulin, branded as Insugen®, marked the Company's successful foray into the branded formulations space in 2004. Today, we offer a wide portfolio of branded biosimilars, novel biologics and small molecule formulations to patients in India and UAE.

The growing burden of non-communicable diseases (NCDs) in the developing world has led to a widening of healthcare inequities. Patients with NCDs face several barriers to access that are related to affordability and availability as most of them pay out of pocket for essential medicines, which are often unavailable when needed. Each year, 15 million people between the ages of 30 and 69 years, die from one of the NCDs, and over 85% of these 'premature' deaths occur in low- and middle-income countries, according to the WHO.

For countries like India the NCDs burden is further magnified due to the lack of adequate public healthcare system and low per capita income which makes access to chronic therapies unaffordable for many. Having identified this challenge early on, Biocon chose to make a difference to patients in the Chronic therapy areas by developing high quality, advanced bio-pharmaceuticals leveraging its affordable innovation model and dovetailing it with its world class manufacturing capabilities.

A portfolio approach, focused on chronic disease segments such as diabetes, cancer, end-stage renal illnesses, immune disorders and other life-threatening conditions, enabled us to offer patients in India and UAE a wide portfolio of branded small molecule generics, biosimilars and novel biologics.

Beyond therapy, we support patients through disease awareness, prevention and management initiatives. We also assisted healthcare professionals and patients with the treatment of complex medical conditions. In the process, we built considerable brand equity and market leadership in the chosen therapeutic areas.

Making a Difference in Diabetes Management

When we started our pharma journey, India was home to the largest population of people with diabetes in the world. It was solely dependent on expensive imported insulins till the early 2000s resulting in poor access to this essential diabetes management therapy. In 2004, we successfully addressed this challenge by leveraging our expertise in fermentation technology to launch India's first indigenously developed and produced recombinant human Insulin (rh-Insulin), branded as Insugen®.

The availability of our affordable insulin in the market triggered a series of developments. Innovator insulins companies lowered the price of their products for India, the government gained the confidence to bring rh-Insulin under price control since it finally had a domestic solution. We thus made a significant difference to diabetes management in the country, impacting a large patient pool, both directly as well as indirectly.

As the insulins market developed, doctors began graduating patients to modern insulin analogs. We introduced Basalog®, a long-acting insulin analog, in 2009 that allowed better metabolic control thereby resulting in an improved quality of life and treatment satisfaction for people with diabetes in India.

Introducing Patient-Friendly Devices

Continuing to spearhead the transformation of diabetes management in India, we decided to supplement our portfolio of insulin vials and refills with both reusable and disposable insulin delivery devices to maximize patient convenience.

Biocon launched INSUPen®, an affordable reusable insulin pen, in 2011 and Basalog

90,000+

Through our oncology portfolio we have served the needs of over 90,000 patients in India since launch.

One®, a pre-filled, disposable insulin pen, in 2015.

Improving the Diabetes Management Ecosystem in India

Today, we are one of the leading companies in the diabetology space in India with a wide basket of products across oral anti-diabetic drugs, rh-Insulin and Insulin Glargine. Our flagship brands, Basalog® and Insugen®, have cumulatively made a difference to the lives of ~400,000 patients in India since 2004. *(Lancet report, IMS/IQVIA &CMARC data).*

Basalog® is ranked as the No.2 Insulin Glargine brand in India, while Insugen® is positioned among the Top 3 brands of rh-Insulin. Insugen® and Basalog® reported combined sales of over ₹2 billion in FY19. *(IMS/IQVIA).*

Besides addressing the large need for affordable insulin therapy, we took the initiative to empower the medical ecosystem to efficiently address the needs of diabetes patients in the country. Our flagship patient outreach program, designed to sensitize and educate people with diabetes on self- monitoring of blood glucose, exercise and dietary routines to maintain a healthy lifestyle, has proven to be highly effective. Our award-winning diabetes education initiative for medical practitioners is enhancing the understanding of the disease and its diagnosis and treatment to improve clinical outcomes.

Healing Heart Diseases

The strong correlation between diabetes and an increased risk of heart disease led Biocon to launch a dedicated Cardiology division in 2008 to leverage in-house R&D strengths for delivering cutting-edge products to treat cardiovascular diseases.

From cholesterol reducing agents such as BESTOR® and STATIX®, obesity management drugs like OLISAT® to ACTIBLOK™IPR for patients with hypertension and heart failure, our products widened the treatment scope for cardiologists, diabetologists and general physicians.

The Diabetology and Cardiology divisions were later merged to form the Metabolics division, which offers a complementary portfolio for holistic treatment of co-morbid diabetes, hypertension and dyslipidemia.

Crusading Against Cancer

Biocon entered the therapy space for cancer when the disease burden was posing a debilitating challenge for India, both socially and economically. At that time, the incidence of the deadly disease was alarmingly high.

In the early 2000s, the treatment paradigm for cancer was moving from small molecule cytotoxic chemotherapies to targeted therapies based on monoclonal antibodies and combinations thereof. Whilst India's generic industry had significantly brought down the cost of cytotoxic drugs, targeted drugs or

25,000+

Our biologic cancer therapies, BIOMAb EGFR®, CANMAb™ & KRABEVA® have benefited over 25,000 patient lives in India, so far.

biologics remained beyond the reach of most Indian cancer patients.

Biocon chose to invest in cutting-edge R&D to deliver affordable biologics that provide greater access to patients and thereby make a difference. The Oncotherapeutics division, set up in 2006, offered a comprehensive range of chemotherapy and supportive drugs.

We launched India's first novel monoclonal antibody Nimotuzumab in 2006 as BIOMAb EGFR® for the treatment of head & neck cancer. In 2010, we introduced Evertor™ as the first generic brand of Everolimus in India for the treatment of patients with advanced renal cell carcinoma. We also successfully developed and launched the world's first biosimilar Trastuzumab for patients of HER2-positive metastatic breast cancer in India as CANMAb™ in 2014. We expanded our portfolio in 2017 with KRABEVA®, a pan-cancer biosimilar Bevacizumab for patients suffering from metastatic colorectal cancer and other types of lung, kidney, cervical, ovarian and brain cancers.

As one of India's leading oncology companies, Biocon has made noteworthy impact in cancer care through an affordable yet high quality mix of innovator, biosimilar and generic products. Our biologic cancer therapies have benefited over 25,000 patient lives since 2006 *(IPSOS, Internal data)*, and the division has cumulatively touched over 90,000* lives till date.

Offering Differentiated Products to Patients

The Branded Formulations business in India did not stop at bringing a niche portfolio of high-end therapeutics to patients, we also looked at innovative ways to ensure better patient compliance and convenience.

When we introduced two of our life-saving products, NUFIL Sf™ pre-filled syringes for Filgrastim and ERYPRO safe™ pre-filled syringes for Erythropoietin, in 2008 we incorporated them with an Ultrasafe Passive® Delivery System that enabled protection from needle stick injuries and offered enhanced patient comfort.

In 2014, we introduced CANMAb™ in a unique 150 mg multi-use vial whose availability allowed cancer patients to save money by buying smaller quantities as per their precise requirements, and storing the unused quantity for their next dose rather than wasting it. When used in conjunction with the standard 440 mg vial, the 150 mg presentation helped eliminate drug wastage and enabled additional savings for patients.

Patients using TBIS®, our brand of Tacrolimus ointment, benefited from a 36-month shelf life as compared to 24 months offered by competing products.

In 2017, we introduced KRABEVA® with an innovative temperature-sensitive packaging. The thermo-chromic stickers in the 'Qual Check' mechanism would change colour irreversibly if the cold chain temperature was not maintained within the prescribed range, thus ensuring the safety, purity and potency of the drug at the point of administration to the patient.

Improving Treatment of Immunological Disorders

In 2013, we launched the world's first novel anti-CD6 monoclonal antibody, ALZUMAb™, which offered dermatologists in India the option of prescribing a 'first-in-class' biologic drug to treat acute psoriasis. A new treatment paradigm for patients, ALZUMAb™ offered a less aggressive dosing regimen and a longer treatment free period. It complemented our niche portfolio of oral and topical immunosuppressants to treat dermatological disorders such as psoriasis, atopic dermatitis and vitiligo.

Patients with skin disorders often have to face social ostracism in India. Through our key Immunotherapy brands such as TBIS®, PSORID® and CALPSOR® C we are today offering a better quality of life to these patients.

2,000+

CytoSorb®, a novel extracorporeal cytokine filter, has benefited over 2,000 patients in India so far.

Caring for Patients of Kidney Disease

At a time when the incidence of chronic kidney disease (CKD) was rising in India, Biocon's Nephrology division offered patients one of the most comprehensive and cost-effective portfolio of therapies. At that time, less than 10% of all CKD patients in India received any kind of renal replacement therapy as these treatments were a low priority for the cash-strapped public hospitals. Also, the number of renal transplantations were woefully low at 3.25 per million population. *(Clinical Kidney Journal; Evolution of Kidney Transplantation in India).*

As one of the largest manufacturers of immunosuppressants in the world, we had the widest range of products for patients undergoing organ transplantation, coupled with affordable yet world class products for renal anemia management.

We introduced a range of specialty products in Nephrology, including Tacrograf™ (Tacrolimus), Renodapt® (Mycophenolate Mofetil) for transplant patients and ERYPRO safe™ (Erythropoietin) and BIONESP™ (Darbepoetin) for anaemia management.

In 2013, we launched an in-licensed 'first in class' sepsis management therapy to enable physicians to treat critically ill patients. CytoSorb®, a novel extracorporeal cytokine filter for sepsis management helps remove excess cytokines that cause multi organ failure, has benefited over 2,000 patients since its launch.

These differentiated products have enabled Biocon to emerge among the leading players in the nephrology market and transplant segment in India.

Boosting Critical Care in India

Launched in 2010, Biocon's Critical Care division is playing a crucial role in the critical illness segment with a strong anti-infective portfolio, such as IVNEX™, PENMER™ and KOOLISTIN®. At a time when the infectious disease burden in India is rising, with life-threatening bacteria mutating into 'multi drug,' 'poly drug' resistant strains posing a major threat to overall disease management, our wide range of injectable antibiotics and plasma products are ensuring affordable access to life-saving therapies.

Strong Value Builder

The Branded Formulations business has been a strong value builder for Biocon. We have built considerable brand equity with doctors and patients over the years through our affordable and differentiated portfolio in challenging disease spaces. A combination of products, patients and physician support programs have enabled us to be a strong player in the therapeutic areas of diabetology, cardiology, oncology, immunology, nephrology and critical care.

**Note: The estimated patient reach numbers have been calculated indirectly based on volume supplied and certain assumptions related to dosage per patient, duration of treatment, units sold, internal data and market research reports.*

Branded Formulations UAE

In 2007, Biocon and Neopharma established NeoBiocon, a joint venture company headquartered in Dubai to provide affordable life-saving drugs to the people of UAE. A pioneering initiative, the joint venture aimed to provide niche, life-saving biopharmaceutical products in key therapeutic areas.

One of the fastest growing players in the region, today, NeoBiocon ranks amongst the Top 15 pharmaceutical companies in UAE. It is the No. 1 generic company in UAE in the cardiovascular and diabetes markets, and is also ranked among the Top 3 generic companies in the country. *(IMS/IQVIA).*

Supported by more than 40 brands across cardiovascular, diabetes, respiratory, acute, oncology and gastrointestinal therapy segments, its sales are well diversified across branded generics, biosimilars and in-licensed novel products. The Top 10 brands contribute over 65% of sales. *(Internal Data).*

Most of NeoBiocon's branded generic products are ranked among the Top 5 in their respective segments. Brand Statix (Atorvastatin) is at No. 2 in the UAE lipid management market and is among the Top 50 brands in the overall UAE pharma market. *(IMS/IQVIA).*

Biocon launched CANHERA, the first biosimilar Trastuzumab in UAE aimed at providing affordable access to patients suffering from breast cancer, in FY19. The launch of CANHERA represents Biocon's second biosimilar launch in the UAE market, having launched biosimilar Insulin Glargine under the brand name Glaricon® earlier.

BRANDED FORMULATIONS: FY19 at a Glance

Revenue

6,564

₹ Million

Growth 7%

In FY19, the Branded Formulations segment grew 7% to ₹6,564 million from ₹6,115 million, led by good growth in the India business, both in sales as well as profitability. The good performance in India was offset by a subdued performance of the business in UAE which was impacted by delays in product registrations with the local health authorities and repricing of branded generic products by the Ministry of Health.

The Metabolics, Nephrology, Critical Care and Market Access divisions were the key growth drivers for the Branded Formulations - India (BFI) business. Key brands like Insugen®, Basalog®, ERYPRO™, TACROGRAF™ and PSORID™ reported strong double-digit growth. The Top 10 brands in our BFI portfolio grew 15% and accounted for ~78% of total sales in FY19. As a specialty products company, 70% of our overall India business is now accounted for by biologics / biosimilars products.

In UAE, while newly launched branded generics, biosimilars and in-licensed products grew during the year, overall performance was impacted by certain external factors.

+ Read more on Branded Formulations Business : Page 139

Sources:

1. *Chronic Kidney Disease in India: Challenges and Solutions (S.K. Agarwal & R.K. Srivastava - Nephron Clin Pract, 2009)*
2. *Clinical Kidney Journal*

A Journey **of Reliability**

RESEARCH SERVICES

CRO, CMO

330+

A global base of over 330 clients across diverse industries.

Biocon established Syngene, India's first CRO, in 1993 as its subsidiary to spearhead a new concept of providing scientific research services to the global pharmaceutical industry. Syngene took on the challenge to position India as a 'destination of choice' for outsourcing scientific research activities and thus became India's first contract research organization. Today, Syngene is a global scale integrated research services organization offering 'end to end' discovery and development services to life sciences companies across the world.

In the 1980s, the Indian pharma industry had begun to make an impact by manufacturing generic pharmaceuticals for the global markets; however, the concept of Contract Research Organizations (CROs) had not yet emerged in India. It was only at the turn of the century that the global pharma industry started to explore India as a destination to set up their offshore research operations since India offered a large scientific talent pool with a significant cost arbitrage in terms of infrastructure and people.

Biocon established Syngene, India's first CRO, in 1993 as its subsidiary to spearhead a new concept of providing scientific research services to the global pharmaceutical industry. Syngene took on the challenge to position India as a 'destination of choice' for outsourcing scientific research activities. Today, Syngene is a global scale integrated research services organization offering 'end to end' discovery and development services to life sciences companies across the world.

As global pharma companies grappled with dwindling R&D budgets and growing pressure to introduce new drugs rapidly and at lower development costs, there was an increasing opportunity for outsourcing more R&D activities.

Syngene made the best of this opportunity by continuously expanding its service offerings across the drug discovery and development value chain and eventually becoming a 'one-stop' integrated scientific research service provider.

Embarking on a New Growth Phase

In 2009, Syngene initiated operations in safety assessment and formulation development, while also expanding process development and manufacturing services by setting up a new cGMP-compliant plant.

In 2007, Syngene set up its first dedicated R&D center, Biocon BMS Research Center (BBRC), for Bristol-Myers Squibb (BMS) to advance the multinational drug maker's discovery and early drug development programs. This heralded a new phase in Syngene's advancing capabilities in providing high-end services in drug discovery research.

BBRC was tasked with accelerating new candidate discovery for the partner. Over time, this dedicated center became BMS' largest R&D facility outside U.S. with a team of nearly 500 dedicated Syngene scientists working closely with the global R&D teams of BMS. BBRC has contributed to the discovery and pre-clinical development of numerous drug candidates for further study and helped BMS reduce time and costs associated with advancing new compounds to first-in-human studies. The collaboration for BBRC has been renewed till 2026 and Syngene has set up additional infrastructure and expanded its team of scientists working at the centers.

Over the years, Syngene set up dedicated R&D centers for other Big Pharma companies viz., Abbott in 2012, Baxter International in 2013, Amgen in 2016 and Herbalife Nutrition in 2017.

Its dedicated research center for Baxter houses a multi-disciplinary team of about 150 scientists to work on product and analytical development, preclinical evaluation in parenteral nutrition and renal therapy. In 2018, the Company expanded the scope of its R&D collaboration with Baxter and extended it to 2024.

4,000

At Syngene, over 4,000 qualified scientists offer integrated research services to customers globally.

The dedicated research center for Amgen, called the Syngene Amgen Research & Development Center (SARC), has a multi-disciplinary team of about 185 Syngene scientists supporting variety of discovery and development projects for biotechnology and small molecule medicines. SARC focuses on medicinal and process chemistry, biologics, bioprocess, drug metabolism, pharmacokinetics, bioanalytical research and pharmaceutical development.

Adding New Capabilities

As a one-stop shop, Syngene helps advance its clients' molecules through the discovery and development process, providing services encompassing various multi-disciplinary activities such as drug substance and drug process development and cGMP-compliant manufacturing (from gram scale to multi-kg scale), formulation and analytical development and stability studies.

To remain ahead of the curve, Syngene steadily enhanced its investments in building new capabilities to align with the changing requirements of the global R&D focussed industries. For example, in 2009 it invested in biologics development capabilities in line with the increasing focus on large molecules by global organizations.

The Company also invested in new capabilities such as the discovery and development of antibody-drug conjugates and oligonucleotides. A bio-analytical center was set up to undertake high-end analysis to supplement the clinical services business. In 2016, Syngene added new capabilities in bioinformatics by acquiring the assets related to systems biology, Heptox and pharma bioinformatics services of Bengaluru-based Strand Life Sciences.

At the same time, the Company has built significant credibility and regulatory track record across a range of domains. This helped in expanding client base across diverse industries going beyond biopharma. Today, Syngene has over 330 global clients across industries ranging from pharma, biotech, nutrition, agrochemicals, animal health, specialty chemicals, consumer goods, academic and non-profit organizations.

Moreover, Syngene built state-of-the-art infrastructure, which has been audited successfully by the U.S. Food and Drug Administration, European Medicines Agency, Association for Assessment and Accreditation of Laboratory Animal Care International, Japan's Pharmaceuticals and Medical Devices Agency and major life sciences partners.

The expansion of its service offerings and client additions helped Syngene almost double annual revenue from ₹5.50 billion in FY13 to ₹10 billion in FY16.

Going Public

Syngene reinforced its pre-eminent position as the leading end-to-end research services company in India, when it successfully unlocked immense value through a listing on the Indian stock exchanges in August 2015. It crossed a market cap of USD 1 billion within a week of listing. Today, Syngene is the only publicly listed 'pure play' research services company in India.

Transforming into a CRAMS Player

Syngene has plans to evolve from a CRO into a Contract Research and Manufacturing Services (CRAMS) organization with commercial-scale manufacturing capabilities. It is establishing a facility in Mangalore to manufacture novel small molecules for innovator companies. Statutory approvals have been received and the construction activities, which began in December 2017, are on schedule and expected to be complete by end of FY20.

Prepared for the Next Phase of Growth

The global CRO market value for drug discovery and development is expected to reach USD 45 billon by 2022 from USD 32 billion in 2017, according to a report by Grandview Research.

Syngene is well positioned to benefit from this opportunity as it has built a strong reputation of being the 'innovation partner' for many of its clients through a track record of successful delivery of complex projects, process efficiencies, consistent innovation, turnaround times and enhanced productivity.

With nearly 4,000 qualified scientists and 1.4 million square feet of world-class R&D and manufacturing infrastructure, Syngene today offers high-end, fully integrated scientific research services that drive innovation, deliver greater efficiency and ensure value creation for its clients.

RESEARCH SERVICES: FY19 at a Glance

Revenue

18,256

₹ Million

Growth 28%

FY19 was a good year for Syngene, with revenue rising 28% on the back of broad-based growth across three verticals: Discovery Services, Dedicated R&D centers and Development and Manufacturing Services. During the year, Dedicated R&D Centers made good progress with the extension and expansion of key collaborations such as the one with Baxter Inc. Discovery Services and Development Services delivered solid performances with widened capabilities and increased capacity. Syngene's active client roster grew to over 330 active clients during the year. The company also continued to expand the scope of engagement with many existing clients. Revenue contribution from the Top 10 clients stood at 66% in FY19 down from 71% in FY15, reflecting the progress in diversifying its client base to reduce dependence on any single group of clients.

+ Read more on Research Services Business : Page 140

Reliving Yesteryears **Co-creators**

Current Marshals

Ankur Bhatnagar

2001 – Present

Scientist -> General Manager

R&D, Biocon

Soon after joining Biocon I realized that I was surrounded by highly passionate and bright minds ready to challenge and push the boundaries of science to develop therapies impacting global health. What drives us every day at our work is the mission of delivering "affordable medicines" with the potential to benefit a billion patients globally. A clear sense of purpose, along with our core values, help the teams transform goals into realities. Biocon provides opportunities to work on latest and differentiated technologies at world class facilities and acquire new skillsets. It also has a strong culture of empowering employees to take ownership, which drives them to go the extra mile and make a difference.

Ritesh Kumar Sharma

2004 – Present

Executive -> General Manager

Corporate Strategy, Biocon

My journey with Biocon started in 2004, when I joined as an Executive. There has been no looking back since then apart from a short break for further studies in 2010. When I look back at my journey over the last 15 years, I see how Biocon has grown significantly leading to changes in the way we function as an organization. But one thing that hasn't changed is the entrepreneurial spirit which differentiates us from others and this is one of the key reasons for our success.

Sudha Victor

2001 – Present

Management Executive -> Associate Manager

HR, Biocon

I joined Biocon in the year 2001 as a Management Trainee and since then there has been no turning back. This is my first job in a pharma company and it has indeed been a pleasure for me to be a part of this journey.

Although the journey initially was tough, I am thankful to my colleagues and the people around who made the work environment smooth and comfortable. The bonding with the team and the cross-functional teams has also played a vital role in my tenure here. The experience and exposure at Biocon helped me grow tremendously, both professionally and personally. I have witnessed immense changes in these 18 years and today I am proud to say, "I am a Bioconite!"

Sheethal Kumar

2005 – Present

Executive -> Associate Director

Central Engineering, Biocon

It is my proud privilege to be a part of Biocon since 2005, when I joined as an Executive and assigned to manage the Biocon Park project. Although everything was new and unknown to me, I was fortunate to work with a great team who nurtured and trained me. Subsequently, I worked on various projects under the able guidance of my seniors which helped me grow both personally and professionally. The management at Biocon gives adequate freedom to all its employees. I received technical support on all projects assigned to me. These endeavors helped me to transform myself and lead a team which is involved in infrastructure projects.

Dr. Ramakrishnan MS

1999 - Present

Senior Scientific Associate -> Vice President

R&D, Biocon

My journey in Biocon has involved extensive learning in drug development, specifically for novel biologics and biosimilars. I have had the privilege to drive the novel biologic R&D efforts that led to the approval of Itolizumab in India in 2013. I was also a part of the team that worked towards the approval of biosimilar Trastuzumab in U.S. and Europe. I am proud to have been a part of Biocon's pioneering journey in biologics.

I joined Biocon as an Executive in 2008 and it has been an eventful journey of over a decade. Being part of the Corporate Communications team, I have had the privilege to witness and document several milestones that Biocon has successfully crossed. It has been an exciting and enriching experience for me to participate, connect, learn and share the Biocon story and translate my design learning for the benefit of Brand Biocon. I look forward to contributing more towards enhancing Biocon's reputation as an innovation-led, world class biopharmaceuticals organization.

Nagaraj Bhadraiah

2008- Present

Executive -> Deputy Manager

Corporate Communications, Biocon

Sustainability

103,200

We achieved a reduction of 103,200 tons of CO_2 emission in FY19.

Sustainability has been part of our core at Biocon, driving us forward in our journey of fortitude over four decades. With innovative programs that seek to resolve several primary issues, we aim at delivering sustainable solutions to our people, patients and partners. Our flagship initiatives are based on the principle of making an enduring impact through programs that encompass primary healthcare, education, community development and environmental sustainability. Our integrated outreach strategy, designed to support this principle, has manifested in the application of 'sustainable thinking' in everyday life.

ENVIRONMENT

We are committed to enabling the planet's transition to a circular economy even as we pursue breakthroughs in biotechnology and drive business growth. Blending our scientific expertise with our passion for sustainable development, we are engaging the society for a lasting impact.

With a philosophy of "achieving more with less" we have woven Environment, Health and Safety (EHS) into our corporate ethos. As we push our limits, with a zeal to make a significant contribution to society, environment and the national economy, we surpass basic EHS standards. While our safety and sustainability initiatives are driven by stringent targets, we promote sustainable practices at all our manufacturing plants, research facilities and offices.

EHS Management Systems

Our EHS Management System and the Occupational Health and Safety Management Systems are established in compliance with ISO 14001:2015 and OHSAS 18001:2007, respectively. The comprehensive EHS Management System encompasses all operations in manufacturing, research & development, supply chain network, as well as, administration.

In our constant endeavor to raise the bar, we are transitioning to the new ISO 45001:2018 standard, the first global standard and a single benchmark for management of Occupational Health and Safety. Continuous self-evaluation, correction and improvement of operations and processes based on findings of annual internal and external audits continue to lead us to the next orbit in EHS.

Health and Safety at Workplace

Safety and health of employees is of paramount importance for any organization, therefore, we have built a strong culture of occupational health and safety at Biocon over the years.

Several safety-related initiatives, awareness campaigns and drives were conducted to promote a "zero incidents" mindset among employees. These efforts resulted in behavioural change, making FY19 a zero-reportable-incidents year.

By applying scientific risk assessment technologies at work on chemicals and biologicals, we ensured that highest workplace safety standards were implemented across R&D and the manufacturing value chain. We accorded additional focus on road safety by initiating a comprehensive logistics and road safety assessment of our facilities and designed a traffic management blueprint for enhanced man-material segregation in Biocon facilities.

~22,000

Nearly 22,000 man-hours of EHS training were imparted in FY19 to enhance employee awareness on safety-related issues.

Emergency Preparedness & Response

Risk engineering and emergency response planning are critical components of our EHS management system. We have a well-trained emergency response team (ERT) and advanced fire protection systems to respond quickly to emergencies. During the year, several EHS training workshops were held to augment the ERT's efficiency to ensure swift response during any emergency.

We further strengthened our fire protection system and emergency preparedness by introducing an advanced firefighting vehicle with a 42-meter aerial ladder platform and hydraulic rescue tools.

Periodic Mutual Aid meetings were organised with representatives from nearby industrial units for enabling collaboration and swift response during any emergency.

EHS Training and Employee Engagement

We organized close to 22,000 man hours of training for our employees across 346 sessions covering chemical safety, lab safety, fire safety, emergency preparedness, first aid and advanced process safety.

As a part of our commitment to enhance employee awareness on EHS-related matters, several awareness campaigns were held around World Environment Day, National Safety Week, Fire Services Week, World Water Day, and World Ozone Day.

Environmental Conservation

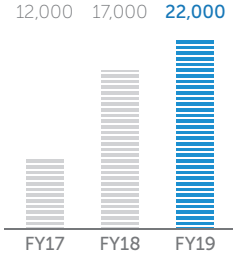
Water conservation forms an important part of our environmental agenda and responsible water usage is a key constituent of our commitment to resource conservation. In addition to being a zero-liquid discharge facility, we undertook several measures to reduce Biocon's overall water footprint. From rainwater harvesting to recycling and reducing water usage, several initiatives contributed to water conservation at our facilities.

We have adopted best-in-class practices to reduce solid waste during the conversion of raw materials to finished goods Solid waste generated during production is disposed/ recycled in compliance with applicable environmental laws.

Energy & Climate Change

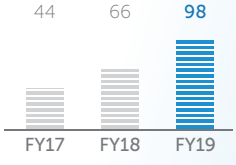
Biocon is committed to responsible energy and greenhouse gas (GHG) emissions management through strategic energy sourcing and continual improvements of our energy management systems. We strive to

EHS Training Man-Hours

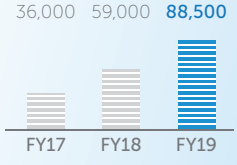


Carbon Footprint Reduction

Green Power (Million Units)



CO_2 Emission Reduction (In tons)



FY19

88,500 tons
CO_2 emission reduction from green power

54%
Green Power used.

14,700 tons
CO_2 emission reduction due to switchover from furnace oil to natural gas for steam generation

1,03,200 tons
Total CO_2 emission reduction achieved

improve the efficiency of our production processes and lower GHG emissions by incorporating renewable energy technologies to supplement our power needs.

Consistent efforts to optimize energy consumption in production processes and utilities were undertaken in FY19.

The continuous adoption of renewable energy as a preferred source has enabled us to increase its share in our total power consumption to more than half for the first time this fiscal year.

With the procurement of over 98 million units of wind power, we successfully reduced our carbon footprint in FY19 by about 88,500 tons. Our switch to natural gas from furnace oil for steam generation further reduced our carbon footprint by 14,700 tons, thus bringing the total CO2 emissions reduction to 1,03,200 tons in FY19.

We also participated in the Carbon Disclosure Project (CDP) this year.

Our engagement with CDP reflects our commitment to good environmental management and our desire for continuous performance improvement.

Lake Rejuvenation

Our efforts at resuscitating Bengaluru's shrinking water bodies, specifically the Hebbagodi lake, in partnership with the government and community groups achieved significant milestones. Bioremediation techniques, such as application of enzymes and specially selected eco-friendly microorganisms and energy-efficient mechanical aerators, gave the dying 35-acre Hebbagodi lake a new lease of life. The floating wetlands deployed for continuous natural cleaning, secured us a place in the Limca Book of World Records for the 'Largest Area of Artificial Floating Wetlands Created in a Lake in India'.

Encouraged by these recognitions, the Foundation has submitted to the Karnataka government a Detailed Project Report (DPR) for the revival of Yarandahalli lake in Bengaluru. On World Environment Day, a community green belt plantation drive was conducted around this Lake. A draft DPR is being prepared for a third lake in Kammasandra based on a preliminary survey.

Taking the Hebbagodi project beyond water restoration, a children's park and walkways were developed in the lake's vicinity. Creating a public open space around the lake for physical activity and recreation has helped generate a sense of ownership among local residents. A safe drinking water unit using reverse osmosis water filtration system has also been set up at the lake for visitors and the neighbouring community.

Namma Biocommunity

Through Namma Biocommunity, a Biocon neighbourhood community connect initiative, we have been making a positive impact on people's lives in urban and rural areas by ensuring a clean, green and safe environment. During the year, several drives involving local community members were organized to commemorate World Environment Day, National Road Safety Week and Swachh Bharat Abhiyan.

Awards

- 18th Annual Greentech Environment Award for excellent performance and outstanding achievement in Environment Management in 'Gold Category'
- 'Best Fuel Efficient Industrial Boiler' Award from Karnataka State Safety Institute, Department of Factories and Boilers
- 17th Annual Greentech Safety Award for Excellence in Occupational Health and Safety Management Practices in the Pharmaceutical Sector in 'Gold Category'

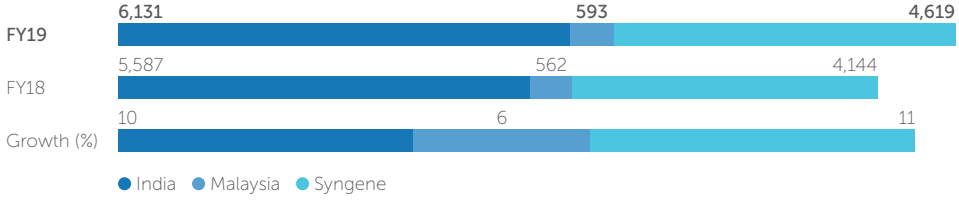
PEOPLE

79,500

The HR function clocked 79,500 learning hours in FY19, a 76% increase over the previous year.

Biocon's globally recognized people-centric practices make us India's most preferred biotech employer. We believe that the fortitude, determination and endurance of our talent have helped us build an innovation-driven company and stay ahead of the curve. Biocon's efforts at building a globally respected organization have been validated by the U.S.-based Science magazine for six consecutive years. Standing 7th on the prestigious list of Global Biotech Employers in 2018, we proudly remained the only Asian company to feature among the Top 20 in the annual Science Careers Top Employers Survey.

Global Employee Base

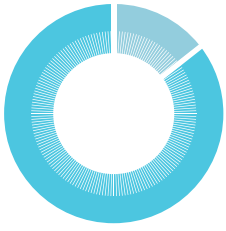


Attracting Talent

Recognized as an employer of choice, Biocon has attracted the best global talent over the last 40 years. In FY19, expanding our sourcing mix, we doubled the international hires, a reflection of the growing interest of foreign talent in Biocon. For young Indians actively using social media, Biocon runs regular talent acquisition campaigns on platforms such as Facebook, LinkedIn & Twitter. In FY19, nearly 30% of new talent were hired through social media. We also hired from top institutes such as the Indian School of Business, Narsee Monjee Institute of Management Studies, The Institute of Chemical Technology, and National Institute of Pharmaceutical Education and Research. Among the leaders in the biotech industry, Biocon offered internships to nearly 600 students, including international interns, in FY19.

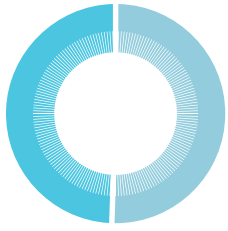
Talent Profile*

Employer of Choice



- Freshers 14%
- Experienced 86%

Talent Profile of Employees



- Graduates 51%
- Post-Graduates+ PhDs 49%

Learning & Development

In FY19, digitization of learning methods received a significant push with the mobile phone-enabled Learning Management System hosting SOP training and assessments and SocioLogues propagating social learning. An in-house online mentoring and coaching platform and an e-Library to host scientific content are under development.

During the year, we clocked in 79,500 learning hours, a 76% increase over the previous year. Biocon Malaysia also reported an additional 10,000 learning hours. Four high potential employees were nominated to the Global Executive MBA in Pharma Management and another 63 high performing junior executives were upskilled through MPower, a nine-month technical certification program. Close to 800 production and quality employees underwent assessments for pharma-related National Occupational Standards certification under the Pradhan Mantri Kaushal Vikas Yojana and National Skill Development Council.

The 87 employees who began their i-LEAP journey in 2018, were joined by another 96 during the year. Designed under Biocon's Leadership Competency Framework, the learning in the program was strengthened through assessment centers, feedback and individual development plans. Twenty senior women employees also embarked on a leadership journey with a five-day program at the Indian Institute of Management, Bengaluru, followed by in-house mentorship.

At Malaysia, 18 high performing employees underwent training under the myCEKAP program, which has been designed to develop leadership skills among the local talent. The HR team in Malaysia also organized industrial visits to Biocon's facility to expose students there to biotechnology manufacturing systems.

Diversity and Inclusivity

Biocon strongly advocates diversity and inclusion as a key business imperative and inculcates it as a core value. Diversity for us is not just about promoting gender balance, it is about appreciation of different cultures, backgrounds and generations and ideas. The company is committed to promote diversity in the workplace and provide equal opportunity for all employees

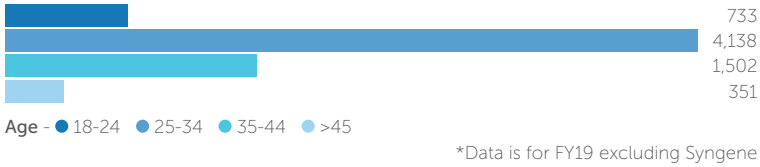
Gender Diversity*

6,724
Total Employees

5,673
Male Employees

1,051
Female Employees

Employee Age Profile*



*Data is for FY19 excluding Syngene

regardless of race, colour, religion, age, gender, sexual orientation, national origin, disability and other factors. We believe that a diverse workplace promotes a culture of innovation and collaboration.

We maintained a healthy gender balance in our workforce and provided both men and women equal opportunities to excel in their careers.

We strengthened our women friendly policies, which included extending maternity leave by an additional 52 weeks and offering part-time opportunities to women returning to work after a career break. We also exclusively offered our women employees programs for maintaining and improving their physical fitness and emotional and mental wellness.

Biocon joined the Indian Women Network, a forum started by the Confederation of Indian Industry (CII), Southern Region, to encourage more women to participate actively in business and society.

Employee Engagement

We believe that an engaging and encouraging environment not only aligns the team to organizational goals and values, but their enhanced sense of own well-being motivates them to deliver their best. In FY19, we rolled out a slew of initiatives to create a welcoming, engaging and conducive work environment.

We supported our crèche with an online management system, which allowed for easier registration of grievances and faster redressal leading to increased use of the facility.

The Biocon Adventure and Sports Club, a platform for our employees to pursue their interests beyond work, witnessed a jump in memberships after it introduced an online platform for event updates and registrations.

A series of health-related initiatives such as the annual employee health check-up, preventive health awareness sessions conducted through the BioPulse wellness initiative and a wellness mobile app encouraged employees to adopt a healthy lifestyle.

Employees showcased their talent through a series of events that culminated in Invivo 2018 marking Biocon's 40th Anniversary. Over 300 people were recognized for their valuable contribution to business through long service awards.

Our g2G (good to GREAT) program, launched in FY18 to transform our work culture and enable us to embark collectively on our next phase of growth, has since become a truly employee-driven initiative.

Performance Management

We are constantly working on improving our performance management program to ensure that merit is recognized and rewarded. This year, we introduced revised focus areas for the top management with shared goal of 'Driving Financial Performance'. To enable effective functioning of individuals and departments in a complex environment, we introduced a matrix structure with dual reporting in Malaysia. We introduced competency-based assessments for first time managers.

Awards

- Gold Award at CLO Summit for Best Corporate University
- Gold Award at CLO Summit for Best Quality Improvement Program
- Anand Kumar M., Senior Director, Biocon received The Great Manager Award in the category 'Drives for Results', presented by People Business Consulting and The Economic Times

SOCIAL

~400,000

Our eLAJ Smart Clinics have recorded nearly 400,000 patient visits since launch.

BIOCON FOUNDATION

Globally, the Corporate Social Responsibility (CSR) concept is evolving from philanthropy to maximizing societal benefits alongside achieving business goals. At Biocon, however, CSR has always gone beyond philanthropy to civic engagement with a special emphasis on socio-economic development of the most disadvantaged sections of society. Our CSR efforts, driven through Biocon Foundation, have often traversed uncharted territory to deliver scalable solutions through innovative and sustainable models.

Biocon Foundation, the Corporate Social Responsibility arm of Biocon, has been working to empower marginalized communities since 2005. We believe our corporate social responsibility lies in creating comprehensive programs that address the myriad developmental challenges facing India through projects in four key thematic areas: healthcare, education, environmental sustainability and rural development.

Healthcare Programs

One of the biggest developmental challenges facing India is to make affordable and quality healthcare available to every citizen. In addition, while the country's burden of non-communicable diseases (NCDs) such as hypertension, diabetes and cancer is escalating, the public health system is struggling to tackle the issues of maternal mortality, premature births, low birth weight babies and stillbirths.

Biocon's healthcare programs are designed to deliver sustainable solutions in the area of basic health, as well as, ensuring early screening, diagnosis and treatment of common cancers and other NCDs.

eLAJ Smart Clinics

Given India's limited healthcare infrastructure, especially in rural areas, Biocon Foundation designed the 'eLAJ Smart Clinic' model. Integrating preventive and outpatient primary healthcare services, these clinics address the issue of healthcare delivery in remote areas of the country, bridge the rural-urban healthcare divide and reduce patient movement to the overburdened secondary and tertiary centres.

At the close of the year, the Foundation was operating 15 eLAJ Smart Clinics at Karnataka's government-run primary health centers (PHCs), apart from the three clinics run exclusively by the Foundation in Bengaluru and its outskirts. We also supported three Rajasthan government-run PHCs to transition from the eLAJ platform to the government's integrated health management system platform this year.

The eLAJ clinics witnessed over 167,000 patient visits and nearly 65,000 registrations during FY19. They have recorded ~400,000 visits since launch.

NCD Clinics

In response to the increasing cases of non-communicable diseases (NCDs) in the communities in which we serve, we have added impetus to the NCD programs across our clinics.

According to National Family Health Survey 4 (2015-16), consumption of tobacco in Nagaland is 69%, which is way above the national average of 44%. The elevated risk of oral cancer because of high tobacco usage in the state led the Foundation to launch a NCD clinic in association with a local health institute and the Government of Nagaland at Medziphema sub-division in Dimapur district.

We also carried out NCD screenings for Bruhat Bengaluru Mahanagara Palike (BBMP) pourakarmikas, or Bengaluru's municipal sanitary workers, who often operate in hazardous working conditions and usually cannot afford a visit to a health center.

The Foundation organizes breast and cervical cancer screening programs to create a responsible health seeking behaviour at the primary level and reduce pressure at the secondary and tertiary centres. We screened ~450 women for breast and cervical cancers this year.

Oral Cancer Screening

The Foundation has developed and executed a mobile phone-based health technology platform to capture data and intra-oral images of patients for recognizing symptoms and signs of oral cancer in high risk groups. In FY19, we conducted oral cancer screenings in collaboration with hospitals run by the South Western Railway in the states of Karnataka, Tamil Nadu and Andhra Pradesh. We conducted over 10,000 oral cancer screenings during the year.

Cancer Task Force

Given that oral cancer ranks among the top three types of cancer in India *(Lancet)*, Biocon Foundation has initiated the formation of an Oral Cancer Task Force comprising seven eminent oncologists from all over India and it has developed guidelines for the management of head & neck cancer in India.

Training Initiatives

On the premise that gynaecologists are the best placed to detect breast and cervical cancer in the early stages, the Government of India is training them to screen such cancers through the primary healthcare system. To support this initiative, Biocon Foundation trained BBMP's gynaecologists on breast and cervical cancer screening in line with the National Institute of Cancer Prevention and Research (NICPR) guidelines.

A new mobile application, which allows two-way communication on oral cancer screening and treatment between frontline health workers and remote specialists, was rolled out during the year.

Cumulatively, we trained ~650 specialists and frontline health workers on screening of common cancers through training sessions and workshops organized in six states and Union territories.

Tackling Malnutrition

To aid the Government of India's efforts at addressing malnutrition, a major cause of child mortality in India, we provide financial aid to the Akshaya Patra Foundation in support of the mid-day meal scheme.

We provided nutritious meals daily to 550 children at government schools in Jigani in the outskirts of Bengaluru and to 1,775 children below five years as well as pregnant women at anganwadis (rural child care centers) in Sangareddy, Telangana.

WASH Initiatives

India faces key challenges of providing its citizens access to clean water, sanitation facilities and eliminating open defaecation. The Government of India has thus pledged to make the country Open Defecation Free (ODF) through the Water and Sanitation Hygiene (WASH) program. In line with the above, the Foundation is setting up multiple community and school sanitary complexes in rural areas.

We installed RO units in 15 Karnataka government schools to provide access to safe drinking water to over 750 students. A community RO water plant in Srirampura village in the outskirts of Bengaluru is benefiting over 2,000 residents.

Education Programs

The Biocon Foundation has developed curriculum, pedagogy and self-directed learning material in Mathematics, English and Kannada for students of Grades 4 to 9 to help enhance their learning. During FY19, workbooks were delivered to over 2.5 million students, under a partnership with the Department of State Educational Research and Training (DSERT), Government of Karnataka. Continuing the DSERT engagement, the Foundation is also facilitating inclusion of adolescent health into the High School Biology curriculum. A Community Radio Program in partnership with Narayana Health, helped bring focus on education and environment.

The Foundation has provided computers to various government institutions for delivering digital literacy programs that benefit over 1,000 students annually.

This year, our employees volunteered to provide career counselling to almost 500 students of Class 9 across four government schools under the Vocational Training and Career Counselling program.

The Foundation also provided a grant to the Institute of Bioinformatics and Applied Biotechnology (IBAB) towards the 'Biocon Chair' to encourage research & training in biotech, bioinformatics and related areas.

Awards

CSR Project of the Year Award under the 'Environment Sustainability' category for the Hebbagodi Lake Rejuvenation Project at the India International CSR Conclave & Awards 2018.

SKILL DEVELOPMENT

500+

More than 500 graduates from Biocon Academy have built careers at leading pharma, biotech companies.

India's biotechnology sector has evolved steadily over the last two decades, placing the country among the top 12 biotechnology destinations in the world. Biotechnology is not just applicable to healthcare solutions, but to finding innovative solutions for improving agricultural yields and food security, as well as, addressing the challenges related to environmental sustainability. To harness the possibilities, the biotechnology industry requires a pool of well-trained scientists and life sciences professionals.

BIOCON ACADEMY

Since 2014, the Biocon Academy has been addressing the wide gap between the quality of human capital available in India and the growing needs of the biotech industry. The Academy, a premier Center of Excellence for Advanced Learning in Applied Biosciences, is developing a high quality talent pool that is industry-ready to enable the biotechnology sector in India remain globally competitive.

Backed by decades of industry experience, Biocon has taken the collaborative route to design unique industry-oriented programs. It has tied up with leading academic institutions

such as the Keck Graduate Institute (KGI), California, BITS, Pilani, and M.S. Ramaiah College, as well as, life sciences companies like Thermo Fisher Scientific and BiOZEEN. Taking forward our commitment to affordability and access, Biocon offers merit scholarships of 60%-75% to all students selected for the Academy's programs.

Over 500 students have graduated from the Academy and have been placed across 50 leading biotech and pharma companies. In FY19, the Academy trained 119 students, including 81 students of the Biocon-KGI Certificate Program in Biosciences and 38 students of the BITS Biocon Certificate Program in Applied Industrial Microbiology. We maintained our record of 100% placement and ensured all the graduating students were placed successfully across 22 companies including Biocon, Syngene and other leading Indian companies. Twenty-eight faculty members from more than 20 universities and colleges across India received training at the Academy under the Biocon Academy Certificate Program in Faculty Development.

Promoting Knowledge Sharing

The Academy sponsored a number of high profile conferences during the year, including an international conference on Chemical and Structural Biology at Chennai; Helix-2018, a students' technical summit, at Bengaluru; and the 4th edition of the Medicinal Chemistry, Drug Discovery & Development India 2019.

Reaching Out to Stakeholders

Our passion to excite life sciences graduates find meaningful career opportunities in biotechnology culminated in the launch of the 'Each One Bring One' campaign, which resulted in our students nominating 15 youngsters to attend classes at the Academy for a day.

We organized student-faculty interactions at over 35 colleges and universities, as well as, launched a monthly e-newsletter, BioZesta, to build awareness about various initiatives of the Academy.

Outlook

The Academy, which currently runs four specialized programs, is continuously looking at ways to align with the growing needs of the global biotech industry through new programs. In FY20, we plan to introduce the Management Program in Biosciences in association with our long-standing partner KGI. We also plan to roll out the Certificate Program in Quality Control Analytical in association with M.S. Ramaiah College and Thermo Fisher Scientific to provide the industry with quality professionals.

Financial Report

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BIOCON LIMITED

Board's Report

Dear Shareholders,

We present you the Forty-First (41st) Annual Report on business and operations along with the Audited Financial Statements and the Auditor's Report of your Company, for the financial year ended March 31, 2019.

Financial Highlights

In ₹ Million (except EPS)

Particulars	Standalone Results		Consolidated Results	
	FY19	FY18	FY19	FY18
Total revenue	30,022	25,502	56,588	43,359
Expenses	26,488	22,444	46,394	37,472
Share of profit of joint venture and associate, net	-	-	9	213
Profit before tax and exceptional items	**3,584**	**3,058**	**10,203**	**6,100**
Exceptional items, net	1,987	-	1,946	-
Profit before tax	**5,521**	**3,058**	**12,149**	**6,100**
Income tax	594	673	2,123	1,569
Non-controlling interest	-	-	973	807
Profit for the year	**4,927**	**2,385**	**9,053**	**3,724**
Other comprehensive income, net	131	(65)	(552)	130
Total comprehensive income	**5,058**	**2,320**	**8,501**	**3,854**
Earnings per Share (EPS) after exceptional items	8.33	4.04	15.30	6.31

Standalone and Consolidated Financial Statements

The Standalone and Consolidated Financial Statements of your Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Further, a statement containing the salient features of the Financial Statements of our subsidiaries pursuant to subsection 3 of Section 129 of the Companies Act, 2013 in the prescribed form AOC-1 is appended as *Annexure 1* to the Board's Report. The Statement also provides the details of performance and financial position of each of the subsidiaries.

State of Affairs

The highlights of your Company's Standalone performance are as under:

- Revenue from operations for FY19 stood at ₹ 28,847 mn compared to ₹ 24,255 mn for FY18. Other income for FY19 amounting to ₹ 1,175 mn as against ₹ 1,247 mn in FY18, primarily comprised income on investments at ₹ 563 mn, foreign exchange gain ₹ 139 mn and dividend income from subsidiaries and associates at ₹ 357 mn.
- Core operating margins (EBIDTA margins net of licensing, impact of forex, R&D and dividend from subsidiaries) was 21% compared to 22% in the previous year.
- Exceptional items:

  During FY19, the Company along with its subsidiary Biocon Research Limited ('BRL') sold 6,597,130 equity shares of ₹10 each of Syngene International Limited ('Syngene') in the open market. Post the sale, the Company and its subsidiary's holding in equity shares of Syngene has reduced to 70.24%. Gain arising from such sale of equity shares, net of related expense and cost of equity shares amounting to ₹ 1,987 mn has been recorded as exceptional item in the standalone Financial Statements for financial year ended March 31, 2019.

The gain arising from such sale of equity shares, net of related expenses and cost of equity shares, for the financial year ended March 31, 2019 has been accounted in equity reserves in the consolidated financial results for the fiscal year ended March 31, 2019, as there is no loss of control.

- Profit for the year stood at ₹ 4,927 mn (including exceptional item ₹ 1,987 mn) compared to ₹ 2,385 mn for FY18.
- Effective tax rate (ETR) for the year was 17% as compared to 22% in the previous year before exceptional item.

The highlights of your Company's Consolidated Financial Performance are as under:

- During the year, our consolidated revenues registered a growth of 31% to ₹ 56,588 mn from ₹ 43,359 mn in FY18. From a segment perspective, Biologics recorded an annual growth of 97% while Research Services and Small Molecules registered a growth of 28% and 18% respectively.
- Core margins (EBITDA margins net of licensing, impact of forex and R&D) stood at 32% as compared to 27% in FY18.
- Exceptional items:

  During the year ended March 31, 2018, the Group, had accounted for 19.5% equity investment in Equillium Inc. as an associate. During the year ended March 31, 2019, Equillium initiated its initial public offering (IPO) process; consequently there were changes in its Board composition, which resulted in loss of significant influence over the investee. In accordance with Ind AS 28: Investments in Associates and Joint Ventures, the Company fair valued its investment on the date of loss of significant influence and the anti-dilutive rights on the date of IPO, which resulted in a gain of ₹ 1,762 mn, net of tax expenses of ₹ 184 mn for the year ended March 31, 2019, which has been disclosed as an Exceptional Item in the consolidated financial statements. Going forward, the Group has designated its investment in equity of Equillium to be accounted for at Fair Value through other comprehensive income (FVOCI). Equillium completed its IPO and listed on NASDAQ on October 12, 2018.
- Profit for the year, including non-controlling interest, stood at ₹ 10,026 mn compared to ₹ 4,531 mn for FY18.

Bonus

To commemorate the 40th anniversary of Biocon, your Directors at their meeting held on April 25, 2019, recommended the issue of bonus shares of one share for every one equity share, held by the members as on the record date, to be determined by the Board of Directors (Board). Consequent to the proposal of issue of bonus shares, the authorized share capital of the Company was proposed to be increased from ₹ 300 crores (60 crores equity shares of ₹ 5/- each) to ₹ 600 crores (120 crores equity shares of ₹ 5/- each). Your directors have decided to seek the approval of the members for the above proposals by way of postal ballot.

Dividend

Your Directors are pleased to recommend a final dividend of ₹ 1/- (20%) (Pre-Bonus) per equity share on the face value of ₹ 5/- per equity share for the financial year ended March 31, 2019, entailing a pay-out of ₹ 600 mn. The dividend pay-out is subject to approval of members at the ensuing Annual General Meeting (AGM).

The dividend will be paid to members whose names appear in the Register of Members as on the record date to be determined by the Board, in respect of shares held in dematerialized form. It will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on the record date.

Dividend Distribution Policy

In terms of regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), the Company's dividend distribution policy is attached as *Annexure 2* to the Board's Report and is also available on the Company's website at: http://www.biocon.com/docs/Dividend_Distribution_Policy.pdf.

Transfer of Unpaid and Unclaimed Amounts to IEPF

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. During the year under review, the Company has credited unpaid/ unclaimed dividends of financial year 2010-11 amounting to ₹ 1,023,279 lying in the unpaid dividend account to IEPF. There was a casual vacancy in the office of Company Secretary for 6 months. During this period, there was certain procedural delay in transfer of dividend/ shares to IEPF.

Subsidiaries

Your Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of SEBI LODR. The said policy is available at the Company's website at: http://www.biocon.com/docs/PolicyDocument_MaterialSubsidiary.pdf

During FY19, Biocon Pharma UK Limited, Bicara Therapeutics Inc, USA and Biocon Pharma Ireland Limited were incorporated as wholly owned subsidiaries of Biocon Pharma Limited, India, a wholly owned subsidiary of the Company. These subsidiaries are yet to commence commercial operations.

As on March 31, 2019, your Company has 15 subsidiaries.

A report on the performance and financial position of each of the subsidiaries and joint venture are presented below.

Syngene International Limited, India

Syngene International Limited ("Syngene"), is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene's services include integrated drug discovery and development capabilities in medicinal chemistry, biology, vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical

development along with clinical development services. Syngene is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the BSE and the National Stock Exchange (NSE) in India.

During the year ended March 31, 2019, Syngene (consolidated) registered a revenue growth of 28% to ₹ 19,007 mn (FY18 - ₹ 14,849 mn). The growth was led by an overall strong performance across all its businesses. EBIDTA margin for the year was 32%, with the operating margin at ₹ 6,119 mn (FY18 - ₹ 5,262 mn), registering a growth of 16%.

On April 24, 2019, the Board of Directors of Syngene recommended bonus shares in proportion of 1:1 and final dividend of ₹ 0.50/- (5%) per equity share on a pre-bonus for the financial year ended March 31, 2019, entailing a pay-out of ₹ 100 mn. The dividend pay-out is subject to approval of members of Syngene at the ensuing Annual General Meeting (AGM).

Syngene USA Inc.

Syngene USA Inc is a wholly owned subsidiary of Syngene, incorporated on August 24, 2017, with registered office in the State of Delaware, United States of America (USA). The Company provides sales and business support services to operations of Syngene in USA. During FY19, Syngene USA Inc. commenced its operations and registered a turnover of ₹ 101 mn and reported a net profit of ₹ 6 mn.

Biocon Research Limited, India

Biocon Research Limited ("BRL"), a 100% subsidiary of the Company, undertakes discovery and development research work in Biologics and provides scientific support for various development programmes of the group.

BRL's current business is directed towards the R&D services for Monoclonal Antibody Molecules (mAbs) and Proteins, insulin Tregopil (formally referred to as IN-105) and other insulin products on behalf of other group companies. The research programs undertaken by BRL have made significant in-roads to the next level of global clinical trials.

During FY19, BRL registered a turnover of ₹ 2,470 mn and reported a net profit of ₹ 557 mn compared to a turnover of ₹ 2,190 mn and a net profit of ₹ 431 mn in FY18. FY19 revenue includes export incentives to of ₹ 120 mn (FY 18- ₹ 181 mn).

During FY19, BRL sold its 0.93% stake in Syngene International Limited ('Syngene') in the open market and the related gain of ₹ 22 mn has been recorded as part of other comprehensive income.

Biocon Pharma Limited, India

Biocon Pharma Limited ("BPL") is a wholly owned subsidiary of the Company. BPL would be engaged in the development and manufacture of generic formulations for sale in global markets, especially opportunities in US and EU. BPL is in the process of setting up its formulations manufacturing facility for oral solid dosages at Bengaluru.

As at March 31, 2019, BPL has not commenced commercial operations and has capital work-in-progress of ₹ 2,693 mn (FY18 - ₹ 1,862 mn). During FY19, BPL recorded a net loss of ₹ 481 mn representing product development activities on generic formulations.

Biocon Pharma Inc, USA

Biocon Pharma, Inc. ("BPI"), a wholly owned subsidiary of Biocon Pharma Limited, was incorporated in July 2015 in the United States of America. BPI is engaged in commercialization of generic formulations in the United States.

During FY19, BPI launched two new products in United States, gained market share on previously launched product and consequently registered a turnover of ₹ 1,574 mn (FY 18- ₹ 170 mn), and reported a net profit of ₹ 23 mn (FY 18- net loss of ₹ 218 mn).

Biocon SA, Switzerland

Biocon SA ("BSA"), a wholly owned subsidiary of the Company, is primarily engaged in identifying and developing novel molecules into commercial products or licensable assets through strategic partnerships.

In the current year, BSA registered a net profit of ₹ 40mn against a net loss of ₹ 255 mn in FY18.

Biocon Biologics Limited, UK

Biocon Biologics Limited ("BUK") is a wholly owned subsidiary of the Company, incorporated in the United Kingdom in March 2016. During FY19, as part of proposed group restructuring, BUK transferred its shareholding in Biocon Biologics India Limited ('BBIL') to the Company with an objective of consolidating the Group's Biosimilars business under BBIL. Biocon Sdn. Bhd. continues to be a wholly owned subsidiary of BUK. In June 2018, Biosimilar Pegfilgrastim, co-developed with Mylan and branded as Fulphila™, received approval from the US FDA. The product was commercialized in the United States in July 2018.

During the year ended March 31, 2019, BUK earned ₹ 8,044 mn as revenue and reported a net profit of ₹ 3,276 mn as against revenue of ₹ 852 mn and net loss of ₹ 201 mn in FY18. This growth was a combination of increase in base business as well as launch of co-developed products in new territories.

Biocon Sdn. Bhd., Malaysia

Biocon Sdn. Bhd., Malaysia is a step down subsidiary of the Company, wholly owned by BUK. Biocon Sdn. Bhd. was established with an objective of setting up the group's first overseas manufacturing facility, to be in Malaysia. The facility is located in BioXcell, a biotechnology park in Iskandar Puteri, Johor.

The facility is approved for manufacture of Human insulin and glargine drug product from National Pharmaceutical Regulatory Authority ("NPRA"), Malaysia. It not only received cGMP certification from HPRA (EMA). Biocon Sdn. Bhd. But also the product approval from NPRA, Malaysia for its BASALOG cartridges. During the year, biosimilar Insulin Glargine, Semglee®, co-developed with Mylan, was launched in Europe.

Biocon Sdn. Bhd. holds the commercial and development rights of human insulin and analogs and continues the related Research and Development activities.

Biocon Sdn. Bhd. reported a total revenue of ₹ 3,029 mn and net loss of ₹ 1,158 mn in FY18 against a total revenue of ₹ 2,716 mn and a net loss of ₹ 697 mn in FY18.

Biocon Biologics India Limited, India

Biocon Biologics India Limited ('BBIL') is a wholly owned subsidiary of the Company. During the current year, the Company acquired shareholding of BBIL from BUK. BBIL was incorporated on June 08, 2016 in India with an objective to set up greenfield biosimilar biologics facilities. During FY18, the Board and shareholders of BBIL had approved the acquisition of existing biosimilars business from Biocon Limited, for a consideration of ₹ 5,787 mn, subject to regulatory approvals. As at March 31, 2019, BBIL had not commenced commercial operations and had capital work-in-progress of ₹ 4,087 mn.

Biocon FZ LLC, UAE

Biocon FZ LLC is a wholly owned subsidiary of the Company based in Dubai. Incorporated in June 2015, Biocon FZ LLC was established as a marketing entity for pharmaceutical products, to target markets in the Middle East and GCC. During the year ended March 31, 2019, Biocon FZ LLC earned ₹ 1,729 mn as revenue and reported a net loss of ₹ 23 mn as against a revenue of ₹ 1,760 mn and a net loss of ₹ 13 mn in FY 18.

Biocon Healthcare Sdn. Bhd., Malaysia

Biocon Healthcare Sdn. Bhd. ("BHSB"), a 100% owned subsidiary of Biocon Ltd, incorporated in August 2017 in Malaysia. BHSB proposes to carry on the business as importers and distributors in active pharmaceutical and biopharmaceutical ingredients, drugs and devices in the Malaysian market. During FY19, BHSB commenced commercial operations. During the year ended March 31, 2019, BHSB earned ₹ 4 mn as revenue and reported a net loss of ₹ 17 mn.

Biocon Academy, India

Biocon Academy, established in 2014, spearheads Biocon's CSR initiatives in the area of advanced learning, aimed at creating a globally competitive Biotech ecosystem in India through skill development. Biocon Academy leverages rich industry experience and subject matter expertise of Biocon, as well as international Education Partners, such as Keck Graduate Institute, California, USA and BITS, Pilani, India to deliver industry-oriented advanced learning and skill building programs for pharma and biotech graduates. Our Programs are aimed at empowering students with industrial proficiency through job-skills development essential to build a promising career in the Biopharma industry.

Management's Discussion and Analysis

In terms of the provisions of Regulation 34 of the SEBI LODR, the Management's discussion and analysis is set out in this Annual Report.

Corporate Governance

Your Company is committed to maintain the highest standards of corporate governance. We believe that sound corporate governance is critical to enhance and retain investor trust. Our disclosures seek to attain the best practices in corporate governance as prevalent globally. We have implemented several best corporate governance practices in the Company to enhance long-term shareholder value and respect minority rights in all our business decisions. Our corporate governance report for FY19 forms part of this Annual Report.

The requisite certificate from the statutory auditors of the Company, confirming compliance with the conditions of corporate governance as stipulated under SEBI LODR, is annexed to the corporate governance report.

Business Responsibility Report

The Business Responsibility Report ("BRR") of your Company for FY19 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI LODR.

Employee Stock Option Plan (ESOP)

Nomination and Remuneration Committee of the Board, inter alia administers and monitors the Company's employees' stock option plan (Plan) in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations). The Plan is implemented through Biocon India Limited Employees' Welfare Trust (ESOP Trust).

During the year ended March 31, 2019, a total of 21,23,462 shares were transferred from the ESOP Trust to the eligible employees under the Company's prevailing ESOP plan. As at March 31, 2019, the ESOP Trust held 8,585,224 equity shares of the Company. During the year ended March 31, 2019, there has been no material change in the Company's existing plan and the plan is in compliance with SBEB Regulations. Information as required under SBEB Regulations read with SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 have been uploaded on the Company's website and can be accessed at the web-link: http://www.biocon.com/biocon_invrelation_annualreports.asp?subLink=finance

The applicable disclosures, as stipulated under the SBEB Regulations as on March 31, 2019, is appended herewith as *Annexure 3* to the Board's Report. The Company has received a certificate from the statutory auditors that the scheme has been implemented in accordance with SBEB Regulations and the resolutions passed by the shareholders. The certificate would be placed at the AGM for inspection by the members.

Deposits

Your Company has not accepted any deposit and as such no amount of principal and interest were outstanding as at the Balance Sheet date.

Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements.

Policy on Directors' Appointment and Remuneration

The Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2019, the Board consists of 11 Directors, majority of them being Independent Directors. Besides the Chairperson and Managing Director who is a Promoter, the Board comprises of Vice Chairman who is a Non-Executive Director, a CEO & Joint Managing Director, a Non- Executive Director and 7 Independent Directors. The Board periodically evaluates the need for change in its composition and size. The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, are formulated by the Nomination and Remuneration Committee. The policy of the Company on Director's appointment and remuneration is uploaded on to the Company's website and the same is available at www.biocon.com at the following path: investors>policies and key governance documents>nomination and remuneration policy.

Board Diversity

A diverse Board enables efficient functioning through differences in perspective and skill, and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. The Board recognizes the importance of a diverse composition and has adopted a Board Diversity Policy which sets out the approach to diversity. The policy is available at the web-link: http://www.biocon.com/docs/PolicyDocument_BoardDiversity.pdf

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 and Regulation 25 of the SEBI LODR, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI LODR.

Board Evaluation

Pursuant to the provisions of Section 134 of the Companies Act, 2013 and Regulation 19 of SEBI LODR, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, independence, governance, ethics and values, adherence to corporate governance norms, interpersonal relationships, attendance and contribution at meetings etc.

A separate exercise was carried out to evaluate the performance of individual Directors, including the Chairperson of the Board, who were evaluated on parameters such as participation and contribution by a Director, commitment, including guidance provided to the senior management outside of Board / committee meetings, effective deployment of knowledge and expertise, effective management of relationship with various stakeholders, independence of behaviour and judgment etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairperson and Managing Director was carried out by the Independent Directors. The evaluation process has been explained in the corporate governance report. The Board reviewed the evaluation results as collated by the Nomination and Remuneration Committee.

Appointment of Directors and Key Managerial Personnel

At the 40th Annual General Meeting held on July 27, 2018, Mr. Bobby Kanubhai Parikh was appointed as an Independent Director of the Company to hold office for a term of three years. The members also re-appointed Mr. Jeremy Levin and Mr. Vijay Kuchroo as Independent Directors for 5 years. We thank the members for their support in confirming the above mentioned appointment.

Mr. Satish Kumar SS ceased to hold office as Company Secretary and Compliance Officer effective March 15, 2019.

Retirement and Re-appointment

Mr. Ravi Rasendra Mazumdar, Non-Executive Non-Independent Director, retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board recommends his re-appointment.

The current term of appointment of Mr. Meleveetil Damodaran, Independent Director of the Company shall come to an end at the ensuing AGM. Based on the outcome of the performance evaluation, the Nomination and Remuneration Committee has recommended to continue the term of appointment of Mr. Meleveetil Damodaran, as the Independent Director and nominate him to the Board for an additional term of five consecutive years. A brief profile of Mr. Meleveetil Damodaran is given in the notice of AGM. The Company has received declaration from the Independent Director confirming that he meets the criteria of independence as required under the Companies Act, 2013 and SEBI LODR. The Company has also received requisite notices in writing from members signifying the candidature for re-appointment of Mr. Meleveetil Damodaran as Independent Director of the Company. The Board recommends the re-appointment of Mr. Meleveetil Damodaran as Independent Director.

The current term of appointment of Dr. Arun Suresh Chandavarkar as the Chief Executive Officer and Joint Managing Director of the Company came to an end on April 23, 2019. The Nomination and Remuneration Committee has recommended the re-appointment of Chief Executive Officer and Joint Managing Director for the period April 24, 2019 to November 30, 2019. The Board recommends the re-appointment of Dr. Arun Suresh Chandavarkar as the Chief Executive Officer and Joint Managing Director of the Company.

Committees of the Board

Currently, the Board has five Committees: Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. As required under the provisions of Section 177(8) of the Companies Act, 2013, the composition of the Audit Committee is disclosed as under:

Mr. Russell Walls, Chairman, Mr. Daniel M Bradbury, Dr. Jeremy M Levin, Mr. M. Damodaran and Mr. Bobby Kanubhai Parikh.

A detailed note on the composition of the Board and other committees is provided in the Corporate Governance report section of this Annual Report.

Meetings of the Board

The meetings of the Board are scheduled at regular intervals to discuss and decide the business performance, policies, strategies and other matters of significance. The schedule of the meetings is circulated in advance, to ensure proper planning and effective participation in meetings. In certain exigencies, decisions of the Board are also accorded through circulation.

During the financial year 2018-19 the Board met six times. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Detailed information regarding the meetings of the Board are included in the report on Corporate Governance, which forms part of the Board's Report.

Related Party Contracts or Arrangements

All transactions entered into with Related Parties as defined under Companies Act, 2013 during the financial year were in the ordinary course of business and on an "arm's length" basis. The Company has formulated a policy on "materiality of related party transactions" and the process of dealing with such transactions is in line with the provisions of the Companies Act, 2013 and SEBI LODR. The same is also available on the web-link: http://www.biocon.com/docs/PolicyDocument_RelatedPartyTransaction_2015.pdf.

Prior omnibus approval of the Audit and Risk Committee is obtained for transactions that are repetitive and also normal in nature. Further, disclosures on related party contracts and arrangements are made to the Audit and Risk Committee and the Board on a quarterly basis.

During the financial year under review, there were no material related party transactions under Regulation 23(4) of SEBI LODR entered into by the Company, which necessitates approval of shareholders . Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013, in the prescribed Form AOC – 2, is appended herewith as *Annexure 4* to the Board's Report.

Credit Ratings

ICRA and CRISIL continued to reaffirm their rating of AA+/ Stable and A1+, respectively, for various banking facilities throughout the year enabling your Company to avail facilities from banks at attractive rates indicating a very strong degree of safety for timely payment of financial obligations.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, is appended herewith as *Annexure 5* to the Board's Report.

Statutory Auditors

M/s B S R & Co. LLP, Chartered Accountants (ICAI Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 38th AGM held on June 30, 2016 until the conclusion of the 43rd AGM of the Company to be held in the calendar year 2021.

The Auditors' Report on the financial statements of the Company for the year ending March 31, 2019 is unmodified i.e. it does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements forming part of the Annual Report.

Cost Auditors

The Board of Directors on the recommendation of the Audit and Risk Committee, appointed M/s Rao & Murthy, Cost Accountants (Firm Registration Number 000065), as the Cost Auditors of the Company for the Financial Year 2019-20 under Section 148 of the Companies Act, 2013. M/s Rao & Murthy, Cost Accountants, have confirmed that their appointment is within the limits of Section 141(3) (g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

The Audit Committee has also received a certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members in a General Meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s Rao & Murthy, Cost Accountants, is included in the notice convening the 41st AGM.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules thereunder, M/s V. Sreedharan & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the FY 2018-19. The Secretarial Audit Report for FY 2018-19 is appended herewith as *Annexure 6* to the Board's Report. The Secretarial Audit Report contains a remark on certain procedural delays in transfer of dividend/shares to IEPF which was caused by a casual vacancy in the office of the Company Secretary for 6 months.

Risk Management Policy

The Company has put in place an enterprise wide Risk Management Framework with an object of timely identification of risks, assessment and evaluation of the same in line with overall business objectives and define adequate mitigation strategy. On a quarterly basis, the Risk Management Committee reviews critical risks on a rotation basis in line with the mitigation progress/effectiveness and its impact on overall risk exposure of the Company, all the critical risk areas are covered at least once a year. Annually, all critical risk areas identified are re-evaluated.

Internal Financial Control

The Company has laid down certain guidelines, processes and structures, which enable implementation of appropriate internal financial controls across the organization. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information. These include control processes, both on manual and IT applications, including the ERP applications wherein the transactions are approved and recorded. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively.

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

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the rules prescribed thereunder and SEBI LODR is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of your Company is available on the Company's website and can be accessed at the web-link:http://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf

Directors' Responsibility Statement

Pursuant to the requirement under Section 134 (3) (c) of the Companies Act, 2013, your Directors confirm that:

(a) in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures.

(b) have identified such accounting policies and applied them consistently, making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) they have prepared the annual accounts on a going concern basis.

(e) they have laid down internal financial controls based on an internal controls framework established by the Company, which is adequate and is operating effectively and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees

The statement containing particulars in terms of Section 197(12) of the Companies Act 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and is appended herewith as *Annexure 7* to the Board's Report.

The statement containing particulars in terms of Section 197(12) of the Companies Act 2013, read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy thereof, may write to the secretarial team of the Company in this regard.

Corporate Social Responsibility (CSR)

At Biocon, CSR has been an integral part of our business since inception. With the incorporation of Biocon Foundation in 2004, the Company formally structured the CSR activity. Today, the Company spans its CSR efforts through Biocon Foundation, Biocon Academy and some partnership programs with like-minded private organizations and the Government. The Company promotes social and economic inclusion for the marginalized communities with our integrated system focussing largely on the following areas:

Primary Healthcare- The Company believes that the most cost-efficient method of ensuring the health of a community is by preventing the occurrence of disease. The Company is providing affordable primary and preventive healthcare services of assured quality. The initiative provides cushion to low and middle income groups from health shocks, caused by a high out-of-pocket health expenditure and it is catering to healthcare needs of more than 10 lakh people, living predominantly in rural areas, peri-urban areas and slums of Karnataka & Rajasthan.

Promotion of Education- The Company believes in ensuring inclusive and equitable quality education for all. An afterschool enrichment program on English and Phonics, Life Skills, Art and Craft, Digital Literacy and games for children of Government schools is also ongoing successfully. Biocon Academy is an initiative to create a globally competitive Biotech ecosystem in India.

Gender Equality & Empowerment of Women- Promoting gender equality and empowerment of women is one of the major objectives of the Company. Biocon Foundation has set up hostels for women hailing from weaker sections of the society. Donation of patrol vehicles to a special cell of Hebbagodi Police for ensuring women's safety is another initiative undertaken towards providing a safe environment.

Environmental Sustainability- The Company promotes conservation of natural resources, improves the ecosystem to maintain quality of soil, air and water. The Company has successfully undertaken lake rejuvenation programs in Karnataka.

Heritage Art & Culture- The Company places immense emphasis on protection of national heritage, art & culture. Our sincere efforts to provide grants to restore institutions of public importance, including the India Foundation for the Arts, Bengaluru are steps in that direction.

Technology Incubation- The Company is keenly aware of the power of technology in transformation of the development indicators and therefore we support technology incubators approved by the Central Government. Under this initiative, Biocon Foundation has provided grants to The Institute of Bioinformatics and Applied Biotechnology (IBAB), Team Indus & Science Gallery, Bengaluru.

Rural Development- The Company works towards combatting the social and economic problems to ensure the prosperity of rural India. Biocon Foundation has undertaken many projects to bridge the rural-urban divide in terms of infrastructure. Some of our initiatives include construction of roads, school buildings, community centre, community toilets, drinking water facilities and so on. In an effort to ensuring rejuvenation of lakes in Bengaluru, Biocon Foundation has treated Hebbagodi Lake by Bio-remediation processes and similar work for revival of Yarandahalli Lake is underway.

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board has formed a Corporate Social Responsibility Committee, which monitors and oversees various CSR initiatives and activities of the Company. The CSR Committee comprises of Ms. Mary Harney (Chairperson), Dr. Vijay Kuchroo and Prof. Ravi Mazumdar.

A detailed report regarding Corporate Social Responsibility is appended herewith as *Annexure 8* to the Board's Report. The Policy on Corporate Social Responsibility has been uploaded on the Company's website at: https://www.biocon.com/docs/Biocon_CSR_Policy_2018_24-01-2019.pdf

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy, which is gender neutral. During the year under review, 4 complaints with allegations of sexual harassment were filed, all of which were disposed-off as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Significant and Material Orders

There are no significant and material orders passed during the year by the regulators, courts or tribunals impacting the going concern status and Company's operations in the future.

Statutory Disclosures

None of the Directors of your Company are disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Companies Act and SEBI LODR.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between March 31, 2019 and the date of this Report.

Change in Nature of Business

There has been no change in the nature of business of the Company. Your Company continues to be a pioneer biopharmaceutical company engaged in manufacturing active pharmaceutical ingredients and formulations, including biosimilar drugs for diabetics, oncology and autoimmune diseases with sales in markets across the globe.

Extract of Annual Return

In accordance with the provisions of Section 134(3)(a) and 92(3) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended herewith as *Annexure 9* to the Board's Report.

Secretarial Standards

The Company complies with all applicable mandatory secretarial standard issued by the Institute of Company Secretaries of India.

Acknowledgement

We place on record our appreciation for the committed services by every member of the Biocon family globally, whose contribution was significant to the growth and success of the Company. We would like to thank all our clients, partners, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Governments of India and Malaysia, Government of Karnataka, Government of Telangana, Government of Andhra Pradesh, Ministry of Information Technology and Biotechnology, Ministry of Health, Ministry of Commerce and Industry, Ministry of Finance, Department of Pharmaceuticals, Department of Scientific and Industrial Research, Ministry of Corporate Affairs, Central Board of Indirect Taxes and Customs, Income Tax Department, CSEZ, and all other regulatory agencies for their assistance and co-operation during the year and look forward to their continued support in the future.

For and on behalf of the Board

Bengaluru
April 25, 2019

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

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Annexure 1- Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 - AOC-1]

Part A - Subsidiaries

In ₹ Million

Sl. No.	Name of the subsidiary	Date since subsidiary was acquired/ incorporated	Reporting Period	Reporting currency	Share capital*	Reserves & Surplus (other equity)*	Total Assets*	Total Liabilities (excl. capital & reserves)*	Investments (excluding in subsidiaries)*	Turnover#	Profit/ (loss) before taxation#	Provision for taxation#	Profit/ (loss) for the year#	Proposed dividend	% of Shareholding by the Company
1	Syngene International Limited, India	November 18, 1993	April-March	INR	2,000	17,672	37,023	17,351	7,160	19,007	4,142	835	3,307	100	70.24%
2	Biocon Research Limited, India	May 28, 2008	April-March	INR	1	1,552	3,222	1,669	-	2,470	699	142	557	-	100.00%
3	Biocon Academy, India	December 03, 2013	April-March	INR	1	-	52	51	-	-	-	-	-	-	100.00%
4	Biocon Pharma Limited, India	October 31, 2014	April-March	INR	141	270	3,809	3,398	-	5	(714)	(233)	(481)	-	100.00%
5	Biocon SA, Switzerland	April 21, 2008	April-March	USD	6	4,501	4,589	82	4	-	40	-	40	-	100.00%
6	Biocon Biologics Limited, UK	March 02, 2016	April-March	USD	11,036	2,107	19,950	6,807	-	8,044	3,898	621	3,277	-	100.00%
7	Biocon SDN BHD, Malaysia	January 19, 2011	April-March	USD	11,678	(2,014)	25,352	15,688	-	3,029	(1,130)	28	(1,158)	-	Refer note 4
8	Biocon Pharma Inc, USA	July 27, 2015	January-December	USD	582	29	1,430	819	-	1,574	23	-	23	-	Refer note 5
9	Biocon FZ LLC, UAE	June 16, 2015	April-March	AED	3	(10)	1,066	1,073	-	1,729	23	-	23	-	100.00%
10	Biocon Biologics India Limited, India	June 08, 2016	April-March	INR	457	20	4,260	3,782	-	57	31	-	31	-	100.00%, Refer Note 3
11	Biocon Healthcare SDN BHD, Malaysia	August 10, 2017	April-March	MYR	25	(27)	12	14	-	4	(17)	-	(17)	-	100.00%
12	Syngene USA Inc., USA	August 24, 2017	January-December	USD	3	9	16	4	-	101	9	3	6	-	Refer note 6
13	Biocon Pharma UK Limited	December 07, 2018	April-March	USD	-	-	-	-	-	-	-	-	-	-	Refer note 5
14	Bicara Therapeutics Inc	December 10, 2018	January-December	USD	-	-	-	-	-	-	-	-	-	-	Refer note 5
15	Biocon Pharma Ireland Limited	December 14, 2018	April-March	USD	-	-	-	-	-	-	-	-	-	-	Refer note 5

* Exchange rate considered in the case of foreign subsidiaries - 1 USD = 69.32; 1 AED = 18.88; 1 MYR = 16.98

Converted at monthly average exchange rates

Notes

1. None of the subsidiaries have proposed dividends as at March 31, 2019, other than Syngene International Limited.
2. Biocon Pharma Limited is yet to commence commercial operations as at March 31, 2019.
3. Biocon Limited holds 98% shares, and voting rights over 100% of the share capital of Biocon Biologics India Limited.
4. Biocon Biologics Limited, UK holds 100% of equity stake in Biocon SDN BHD, Malaysia. The reporting currency of Biocon SDN BHD is MYR, however USD is disclosed since it is the functional currency.
5. Biocon Pharma Limited, India holds 100% of equity stake in:-
   a) Biocon Pharma Inc, USA
   b) Biocon Pharma UK Limited
   c) Bicara Therapeutics Inc
   d) Biocon Pharma Ireland Limited
6. Syngene International Limited holds 100% of equity stake in Syngene USA Inc.

Part B - Associates & Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

In ₹ Million

Sl. No.	Name of Associate / Joint Venture	Date on which the Associate / Joint Venture was acquired	Latest audited Balance Sheet date	Share of Associate / Joint Venture held by the Company at the year end			Description of how there is significant influence	Reason why the Associate / Joint Venture is not consolidated	Net worth attributable to share holding as per latest audited Balance Sheet	Profit / (Loss) for the year	
				Number of shares	Amount of investments in Associate / Joint Venture	Extent of Holding %				Considered in consolidation	Not considered in consolidation
1	NeoBiocon, UAE	April 29, 2007	March 31, 2019	147,000	431	49%	By way of control of more than twenty percent of total share capital	NA	431	9	9

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN:00347229

Arun S. Chandavarkar
CEO & Joint Managing Director

Siddharth Mittal
President – Finance & Chief Financial Officer

Bengaluru,
April 25, 2019

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Annexure 2 - Dividend Distribution Policy

[Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Dividend Distribution Policy ("the Policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from April 01, 2016.

Preamble

The profits earned by the Company may either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders as dividend. Through this policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans by reconciling between all these needs.

The Company currently has only one class of shares - ordinary equity shares. Therefore, dividend if declared, will be distributed amongst all shareholders, based on their shareholding on the record date. Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

As in the past, subject to the provisions of the applicable law, the Company's dividend pay-out will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. The Board of Directors will refer to the policy while declaring/ recommending dividends on behalf of the Company.

The Company shall comply with the Provisions of Section 123 of Companies Act, 2013, pertaining to recommendation, declaration & payment of dividend.

Category Of Dividends

The Companies Act provides for two forms of Dividend - Final & Interim.

A. Final Dividend

Final dividend is paid once in a financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting.

B. Interim Dividend

Interim dividend may be declared by the Board of Directors one or more times in a financial year as may be deemed fit by the Board. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly or half yearly financial results.

The Board at its discretion, may additionally recommend a Special Dividend under certain circumstances such as extraordinary profits from sale of investments etc.

Factors to be Considered While Declaring Dividend

While determining the nature and quantum of the dividend pay-out, the Board would take into account the following factors:

Internal Factors:

i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:

   a. Previous years and

   b. Internal budgets,

ii. Cash flow position of the Company,

iii. Accumulated reserves,

iv. Earnings stability,

v. Future cash requirements for organic growth/expansion and/or for inorganic growth,

vi. Brand acquisitions,

vii. Current and future leverage and under exceptional circumstances, the amount of contingent liabilities,

viii. Deployment of funds in short term marketable investments,

ix. Long term investments and

x. Capital expenditure(s)

External Factors:

i) Business cycles,

ii) Economic environment,

iii) Cost of external financing,

iv) Applicable taxes including tax on dividend,

v) Industry outlook for the future years.

vi) Inflation rate and

vii) Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers past dividend history while determining the rate of dividend.

The Board may consider not declaring dividend or may recommend a lower pay-out for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment. In such events, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

i) Capital expenditure for working capital,

ii) Organic and/ or inorganic growth,

iii) Investment in new business (es) and/or additional investment in existing business (es),

iv) Declaration of dividend,

v) Capitalisation of shares,

vi) Buy back of shares,

vii) General corporate purposes, including contingencies,

viii) Correcting the capital structure and

ix) Any other permitted usage as per the Companies Act, 2013.

Policy Review

This Policy will be reviewed periodically by the Board and amended as appropriate. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The Policy will be available on the Company's website and disclosed in the Company's Annual Report.

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Annexure 3 - Disclosure with respect to Employees Stock Option Plan (ESOP) of the Company

A. Summary of Status of ESOP:

Sl. No.	Particulars	
1	Date of shareholders' approval	September 27, 2001
2	Total number of options approved under ESOP	34,271,460*
3	Vesting requirements	Refer note 30 of the standalone financial statements
4	Exercise price or pricing formula	
5	Maximum term of options granted	
6	Source of shares (primary, secondary or combination)	Combination
7	Variation in terms of options	No variation
8	Method used to account for ESOP - Intrinsic or fair value	Refer note 30 of the standalone financial statements
9	The impact on the profits and EPS of the company	

*Number of options approved under ESOP 2000 is adjusted for subdivision of face value of equity shares in FY 2001-02 and FY 2003-04 and issue of bonus shares in FY 2003-04, FY 2008-09 and FY 2017-18.

B. Option movement during the year 2018-19:

Sl. No.	Particulars	Grant V	Grant VI	Grant VII	Grant VIII	Grant IX	Grant X
1	Number of options outstanding at the beginning of the period	6,70,497	17,16,050	31,02,725	7,27,500	27,45,000	14,85,750
2	Number of options granted during the year	-	-	90,000	30,000	19,20,000	13,53,750
3	Number of options forfeited / lapsed during the year	-	1,125	4,91,625	72,000	7,61,250	2,19,000
4	Number of options vested during the year	3,56,250	12,27,375	3,54,375	1,85,250	-	2,23,500
5	Number of options exercised during the year	3,69,622	10,47,875	3,86,900	1,65,000	-	1,54,065
6	Number of shares arising as a result of exercise of options	3,69,622	10,47,875	3,86,900	1,65,000	-	1,54,065
7	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	-	-	-	-	-	-
8	Loan repaid by the Trust during the year from exercise price received	-	-	-	-	-	-
9	Number of options outstanding at the end of the year	3,00,875	6,67,050	23,14,200	5,20,500	39,03,750	24,66,435
10	Number of options exercisable at the end of the year	1,14,875	6,67,050	91,200	78,000	-	90,060
11	Range of exercise price of options outstanding at the end of year	91-157	157	138-247	142-247	138-346	124-330
12	Weighted-average fair values of options granted	-	-	74	59	407	370

C. Options granted to the employees of the Company during the year:

(a) Options granted to Senior managerial personnel during the year

Sl. No.	Name of the Employee	Designation	Grant	No of options granted	Exercise price
1	Lourd Raj Joseph	Vice President	GRANT X	60,000	312
2	Radhakrishnan G	Vice President	GRANT X	45,000	312
3	Shreehas P Tambe	President	GRANT X	1,12,500	312
4	Prasad B S V	President	GRANT X	1,12,500	312
5	Nehal Vora	Senior Vice President	GRANT X	75,000	312
6	Sriram A V	Senior Vice President	GRANT X	75,000	312
7	Maneesh H Ghildyal	Vice President	GRANT X	60,000	330
8	Siddharth Mittal	President	GRANT X	1,12,500	312
9	Sridhar Balasubramanian	Vice President	GRANT IX	60,000	324

(b) Any other employee who received a grant during the year, options amounting to 5% or more of option granted during the year - NIL

(c) Identified employees who were granted options during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant – NIL

D. Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

1	Weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model	Refer note 30 of the standalone financial statements
2	Method used and the assumptions made to incorporate the effects of expected early exercise	
3	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	
4	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	None

For and on behalf of the Board

Bengaluru
April 25, 2019

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

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Annexure 4 - Particular of contracts/arrangements made with related parties

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC - 2)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arms length basis

Sl. No.	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Not applicable since there were no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019 which were not at arms length basis.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	Date(s) of approval by the Board, if any	
g.	Amount paid as advances, if any	
h.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of material contracts or arrangements or transactions at arms length basis

Sl. No..	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Not applicable since there were no material contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Date(s) of approval by the Board, if any	
f.	Amount paid as advances, if any	

For and on behalf of the Board

Bengaluru
April 25, 2019

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

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Annexure 5 - Conservation of energy, technology absorption, foreign exchange earnings and outgo

[Particulars pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of energy

i)	The steps taken or impact on conservation of energy	Power consumption for FY19 was 210 mn units as against 192 mn units in FY18. The unit consumption has increased by 9% YOY and the total energy cost has increased by 21% (₹ 2,018 mn in FY19 from ₹ 1,662 mn in FY18). The increase in overall energy cost was attributable to increase in per unit rates across alternate sources of procurement.
ii)	The steps taken by the company for utilizing alternate source of energy	Total wind power procured in FY19 is 98.3 mn units and corresponding reduction in CO2 emission is approx. 78,640 Tons.
iii)	The Capital investment on energy conservation equipment	INR 12 mn

Sl. No.	Power and fuel consumption details	FY19	FY18
1	Electricity		
A	Purchased		
	Million Units	200	179
	Total amount (INR mn)	1,239	1,043
	Rate / Unit (INR)	6.2	5.8
B	Captive generation		
	HSD Quantity, KL	3,146	4,100
	Million Units	10	12
	Units / Litre	3.1	3.4
	Cost / Litre (INR)	48.9	38.4
	Generation cost, Rate / Unit (INR)	15.5	12.3
2	Steam		
A	Furnace oil		
	Quantity, KL	66	16,145
	Total amount (INR mn)	3	422
	Average rate	40.2	26.1
B	Natural gas		
	Quantity, MMBTU	16,659,525	1,403,597
	Total amount (INR mn)	622	40
	Average rate	37	28.4

Sl. No.	Energy conservation measures	Investment (In ₹ Mn)	Energy saved per Annum	
			Units	Amount (In ₹ Mn)
1	Procurement of energy efficient equipment like motors and lighting			
2	Implementation of UPS to save captive power consumption	12	190,000	16.26

Continuous monitoring of high energy consumption areas/equipment and taking appropriate corrective measures as and when required, resulted in energy saving and maintained marginal increment in power consumption as against production growth.

B. Technology Absorption

i)	The efforts made towards technology absorption	No technology was imported by the Company during the year.
ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	
iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
	(a) The details of technology imported	
	(b) The year of import	
	(c) Whether the technology been fully absorbed	
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
iv)	The expenditure incurred on Research and Development (R&D)	Detailed disclosure on R&D are provided below

Research and Development

Specific areas in which R&D work has been carried out by the Company are:

1. Development of Synthetic and Fermentation based Generic Small Molecules for Anti-infective, Oncology, Cardio-vascular, Nephrology and Transplantation segments.
2. Formulation development for Abbreviated New Drug Applications (ANDAs).
3. Generation of Intellectual Property Development – Process Patents for manufacture of key Generic Small Molecules and Biotherapeutics.
4. Oncology API lab is functional.
5. Clinical development pertaining to Novel programs.

Benefits derived as a result of R&D activities

1. Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets
2. Rich pipeline of Generic Small Molecules catering to varied therapeutic areas.
3. Internationally competitive prices and product quality.
4. The Company has been granted 1150 patents and around 700 trademarks as on date in various jurisdictions.
5. Safe and environment friendly processes.
6. Launch of ANDA products in US & EU
7. IND filing achieved for one of the Novel molecule

Future Plan of Action

1. Strategic Collaborations for increased speed and cost competitiveness in Drug Discovery.
2. Vertical integration for the entire portfolio.
3. Developing a portfolio of Complex Generics.
4. Collaborate with global Academia and Industry to build value & visibility to the portfolio.
5. Increase capital spend to build a stronger R&D base which is in line to current industry changes.
6. Focus on innovative technologies in API process development.

Expenditure incurred on Research & Development

In ₹ Million

	FY19	FY18
a) Capital	152	26
b) Recurring	2,014	2,015
Total	2,166	2,041
Less: recharge	(121)	(49)
Net R&D Expenses	2,045	1,992

C. Foreign Exchange Earnings and Outgo

In ₹ Million

Foreign exchange earned and used during the year:	FY19	FY18
Gross Earnings	15,506	12,058
Outflow	10,399	7,348
Net foreign exchange earnings	5,107	4,709

For and on behalf of the Board

Bengaluru
April 25, 2019

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Annexure 6 - Secretarial audit report for the financial year ended March 31, 2019

Form No. MR-3

Secretarial Audit Report

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For The Financial Year Ended March 31, 2019

To,

The Members,

Biocon Limited,
20th K. M. Hosur Road, Hebbagodi,
Bengaluru 560100

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Biocon Limited (the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowing by the Company during the period under review;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period);

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f September 11, 2018; (Not Applicable to the Company during the Audit Period); and

   i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. Other laws applicable specifically to the Company namely:

   a. Drugs and Cosmetics Act, 1940

   b. Bio Medical Waste (Management & Handling) Rules, 1998

   c. ICH Guidelines (this is the base on which US FDA/ EU Guidelines etc. are created on).

   d. UCPMP (Currently voluntary – however proposed to be made mandatory).

e. National Biodiversity Act 2002

f. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1955

g. Narcotic Drugs and Psychotropic substance Act.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

ii. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except for the following:

The Company has complied with the provisions relating to remittance of unclaimed dividend (interim and final) and crediting the respective shares to the demat account of IEPF Authority, pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund), Rules 2016 but beyond the prescribed time limits.

Without qualifying our report, we state that, there was a vacancy for the post of Company Secretary on 02.03.2018 and the vacancy for the post of Company Secretary should have been filled by the Company on or before 02.09.2018 pursuant to the provisions of Section 203 of the Companies Act, 2013. However, 02.09.2018 was a non-working day and hence such vacancy was filled on next working day i.e. 03.09.2018. The Company has also obtained a legal opinion in this regard, to confirm compliance of Section 203 of the Companies Act, 2013.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairperson, the decisions of the Board were unanimous, and no dissenting views have been recorded.

We further report that based on the review of the compliance reports/ certificates which were taken on record by the Board of Directors, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

Bengaluru
April 25, 2019

For **V. SREEDHARAN & ASSOCIATES**
Company Secretaries

(Pradeep B. Kulkarni)
Partner
FCS:7260; CP No. 7835

Annexure 7 – Particulars of Remuneration

Details pertaining to remuneration as required under Section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the Director/Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2019 (₹ million)	Percentage increase in remuneration of each Director/CFO/CS in the FY 2018-19	Ratio of the remuneration of each Director to the median remuneration of the employees
1	Ms Kiran Mazumdar Shaw *Chairperson & Managing Director*	28.09	24%	55.1
2	Mr John Shaw *Vice Chairman*	1.15	(82)%	2.3
3	Mr Arun Chandavarkar *CEO & Joint Managing Director*	38.27	2%	75.0
4	Ms. Mary Harney *Independent Director*	3.54^	12%	6.9
5	Mr. Russell Walls *Independent Director*	4.32^	10%	8.5
6	Mr. Daniel M Bradbury *Independent Director*	3.39^	15%	7.3
7	Dr. Jeremy M Levin *Independent Director*	2.84^	22%	5.6
8	Dr. Vijay Kumar Kuchroo *Independent Director*	3.31^	147%	6.5
9	Mr. M. Damodaran *Independent Director*	2.23^	8%	4.4
10	Mr. Bobby K Parikh* *Independent Director*	1.86^	NA	3.6
11	Prof. Ravi Mazumdar *Non-Executive Director*	3.01	NA	5.9
12	Mr Siddharth Mittal *Chief Financial Officer*	22.13	2%	NA
13	Mr. Satish Kumar SS # *Company Secretary*	2.31	NA	NA

* Mr. Bobby R Parikh has been appointed as an Independent Director of the Company on July 27, 2018 and hence his remuneration is disclosed only for the period of holding the office.

\# Mr. Satish Kumar SS ceased to hold office as Company Secretary and Compliance Officer effective March 15, 2019 and hence his remuneration is disclosed only for the period of holding the office.

^ Remuneration of the Independent Directors is as per the Policy on Director's appointment and remuneration. The comparative increase / decrease is based on number of meetings attended by them and increase in remuneration based on per meeting attended effective July 01, 2018.

Note: Remuneration is excluding sitting fees. The remuneration does not include perquisite value on account of stock options exercised during the year.

I	Percentage increase / (decrease) in median remuneration of employees in the financial year	The median remuneration of employees increased from INR 450,000 as at March 31, 2018 to INR 510,000 as at March 31, 2019, representing an increase of 13%.
II	Number of permanent employees on the rolls of the Company	There were 5,443 permanent employees as on March 31, 2019.
III	Average percentile increase in salaries of employees other than managerial personnel and its comparison with the percentile increase in managerial remuneration and justification thereof	The average increase in employee remuneration other than managerial personnel was 13.8%, which has been marginally higher than that for managerial personnel. The increase in managerial remuneration is in line with the measures to attract and retain the best talent. The Company also uses a mix of fixed, variable and ESOP based compensation on a mid-to-long term basis to align middle and senior management compensation to enhance shareholder values.

It is hereby affirmed that the remuneration paid for the financial year 2018-19 was as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board

Bengaluru
April 25, 2019

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Annexure 8 - Annual report on Corporate Social Responsibility activities for the financial year 2018-19

[Pursuant to the provisions of Section 135 of Companies Act, 2013]

Biocon believes in making a difference to the lives of millions of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure.

Your company's CSR activities are implemented through:

A) Biocon Foundation, through which implementation of CSR activities are in the following modes:

- Direct execution of projects/programs:
- Partnership - Build fruitful collaborations with like - minded organisations through memorandum of understanding.
- Grants - Provide grants to NGOs, trusts and academic institutions under grant-in-aid initiative for innovative and impactful social projects. In such scenario, the Foundation shall employ its expertise to evaluate the proposals of grant seekers and conduct due diligence when necessary before seeking approval from CSR Committee for releasing grants to them. Organisations with an established record of at least three years in undertaking similar initiatives shall be selected to carry out such activities, in pursuance of the Act. The grantees shall share fund utilization and project progress reports with the Foundation.

B) Biocon Academy, which aims to address the skill deficit in the Biopharma sector, by developing high-end talent through advanced learning.

C) Any other Agency: CSR activities can be undertaken through any other implementing agency. Such agency shall satisfy the statutory requirements as specified in the Act.

The CSR Vision of the Company is:

To strive towards developing and sustaining healthy and empowered communities by promoting social & economic inclusion and improving overall quality of life.

Please refer http://www.biocon.com/docs/Biocon_CSR_Policy_2018_24-01-2019.pdf for more details related to the Company's CSR Policy.

CSR Committee

The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives.

The members of the CSR Committee are-

a) Ms. Mary Harney, Chairperson

b) Dr. Vijay Kumar Kuchroo

c) Prof. Ravi Mazumdar

Financial details

The provisions pertaining to corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013 are applicable to the Company. A summary of the financial details of the Company are as follows -

Particulars	In ₹ Million
Average net profit before tax of the Company for last three financial years	4,215
Prescribed CSR expenditure (2% of the average net profit as computed above)	84
Details of CSR spent during the financial year 2018-19:	
Total amount to be spent for the financial year	84
Total amount spent	84
Amount unspent, if any	Nil

The details of the amount spent during the financial year is detailed below:

In ₹ Million

Sl. No.	CSR project / program name	Sector	Location of project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period. - Biocon	Amount spent: direct/ through external agency
(i)	**Expenditure on Projects & Programs**						
1	Cancer Screening	Promoting Healthcare	Karnataka, Punjab, Delhi, Assam, Kerala	3.64	3.64	3.64	Biocon Foundation
2	Cubbon Park	Restoration of sites of historical Importance	Bengaluru, Karnataka	0.26	0.06	0.06	Biocon Foundation
3	Drinking Water	Water, Sanitation and Hygeine	Bengaluru Rural, Karnataka	1.94	1.94	1.94	Biocon Foundation
4	eLaj Smart Clinic	Promoting Healthcare	Various districts of Karnataka, Rajasthan, Nagaland	8.46	8.46	8.46	Biocon Foundation
5	Govt. School Construction	Rural Development	Bengaluru Rural, Karnataka	12.27	1.55	12.27	Biocon Foundation
6	Govt., School Programs	Promoting Education	Various districts of Karnataka	3.85	3.85	3.85	Biocon Foundation
7	Grant in Aid for Govt. Hospital	Promoting Healthcare	Karnataka, Kerala, Maharastra,	1.34	1.34	1.34	Biocon Foundation
8	IBAB	Promoting Education	Bengaluru, Karnataka	0.58	0.58	0.58	Biocon Foundation
9	India Foundation for the Arts	Promotion of Traditional Arts	Various districts of Karnataka	0.48	0.48	0.48	Biocon Foundation
10	Kylasanahalli link road	Rural Development	Bengaluru Rural, Karnataka	1.18	1.18	1.18	Biocon Foundation
11	Lake Rejuvenation	Environmental Sustainability	Bengaluru Rural, Karnataka	104.09	12.47	29.27	Biocon Foundation
12	Malnutrition	Promoting Healthcare	Karnataka , Telangana	1.10	1.10	1.10	Biocon Foundation
13	Sanitation	Water, Sanitation and Hygeine	Various districts of Karnataka	0.68	0.68	0.68	Biocon Foundation
14	VTU NASD	Enhancing Vocational skills	Uttara Kannada, Karnataka	0.57	0.57	0.57	Biocon Foundation
15	Women's Safety	Empowering Women	Bengaluru Rural, Karnataka	0.87	0.87	0.87	Biocon Foundation
16	Biotechnology	Promoting Education	Bengaluru, Karnataka	43.54	43.54	43.54	Biocon Academy
(ii)	Administrative Expenses	Office expenses	Bengaluru, Karnataka	1.98	1.98	1.98	Biocon Foundation
	Total			**186.83**	**84.30**	**111.81**	

Responsibility Statement

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR Policy of the Company.

For and on behalf of the Board

Bengaluru
April 25, 2019

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Mary Harney
Chairperson, CSR Committee
DIN: 05321964

Annexure 9 – Form MGT-9 - Extract of Annual Return as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014- Form MGT-09]

I. Registration and other details:

1	CIN	L24234KA1978PLC003417
2	Registration Date	November 29, 1978
3	Name of the Company	Biocon Limited
4	Category / Sub-Category of the Company	Category: Company Limited by Shares Sub Category : Indian Non- Government Company
5	Address of the Registered office and contact details	20th K.M. Hosur Road, Electronic City Bengaluru– 560 100 Contact: Tel +91 80 2808 2808 Email : co.secretary@biocon.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited, Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact: Tel +91 40 67161500; Email : einward.ris@karvy.com

II. Principal Business activities of the Company:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of pharmaceuticals, medicinal chemical and botanical products	21	100.00%

III. Particulars of Holding, Subsidiary and Associate companies

Sl. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary	% of shares held	Applicable Section
1	Syngene International Limited	L85110KA1993PLC014937	Subsidiary	70.24%	2(87)
2	Biocon Research Limited	U73100KA2008PLC046583	Subsidiary	100%	2(87)
3	Biocon Pharma Limited	U24232KA2014PLC077036	Subsidiary	100%	2(87)
4	Biocon Biologics India Limited	U24119KA2016FLC093936	Subsidiary	100%*	2(87)
5	Biocon Academy	U80301KA2013NPL072272	Subsidiary	100%	2(87)
6	Biocon SA	NA	Subsidiary	100%	2(87)
7	Biocon SDN. BHD	NA	Subsidiary	100%	2(87)
8	Neo Biocon FZ LLC	NA	Joint Venture	49%	2(6)
9	Biocon Biologics Limited	NA	Subsidiary	100%	2(87)
10	Biocon Pharma Inc	NA	Subsidiary	100%	2(87)
11	Biocon FZ LLC	NA	Subsidiary	100%	2(87)
12	Syngene USA Inc.	NA	Subsidiary	100%	2(87)
13	Biocon Healthcare SDN. BHD	NA	Subsidiary	100%	2(87)
14	Biocon Pharma UK Limited	NA	Subsidiary	100%	2(87)
15	Bicara Therapeutics Inc.	NA	Subsidiary	100%	2(87)
16	Biocon Pharma Ireland Limited	NA	Subsidiary	100%	2(87)

* Biocon Limited holds 98% shares, and voting rights over 100% of the share capital of Biocon Biologics India Limited.

IV. Share holding Pattern (equity share capital breakup as percentage of total equity

1. Category-wise Shareholding

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 31/03/2018				No. of Shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
(A)	**Promoter and Promoter Group**									
(1)	**Indian**									
(a)	Individual /HUF	238,625,298	-	238,625,298	39.77	238,625,298	-	238,625,298	39.77	-
(b)	Central Govt/State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1)	**238,625,298**	**-**	**238,625,298**	**39.77**	**238,625,298**	**-**	**238,625,298**	**39.77**	**-**
(2)	**Foreign**									
(a)	Individuals (NRIs/Foreign Individuals)	6,776,958	-	6,776,958	1.13	6,776,958	-	6,776,958	1.13	-
(b)	Bodies Corporate	118,605,582	-	118,605,582	19.77	118,605,582	-	118,605,582	19.77	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2)	**125,382,540**	**-**	**125,382,540**	**20.90**	**125,382,540**	**-**	**125,382,540**	**20.90**	**-**
	Total A=A(1)+A(2)	**364,007,838**	**-**	**364,007,838**	**60.67**	**364,007,838**	**-**	**364,007,838**	**60.67**	**-**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds /UTI	14,355,154	-	14,355,154	2.39	17,332,741	-	17,332,741	2.89	0.50
(b)	Financial Institutions /Banks	7,126,830	-	7,126,830	1.19	6,972,225	-	6,972,225	1.16	(0.03)
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	101,922,325	-	101,922,325	16.99	107,385,097	-	107,385,097	17.90	0.91
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1)	**123,404,309**	**-**	**123,404,309**	**20.57**	**131,690,063**	**-**	**131,690,063**	**21.95**	**1.38**
(2)	**Non-Institutions**		-				-			
(a)	Bodies Corporate	14,678,299	-	14,678,299	2.45	13,183,782	-	13,183,782	2.20	(0.25)
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	38,088,180	19,548	38,107,728	6.35	37,425,276	14,906	37,440,182	6.24	(0.11)
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	30,263,828	47,490	30,311,318	5.05	26,097,716	47,490	26,145,206	4.36	(0.69)
(c)	Others									
	Clearing Members	1,190,707	-	1,190,707	0.20	810,665	-	810,665	0.14	(0.06)
	Foreign Nationals	1,343,374	793,302	2,136,676	0.36	1,333,899	793,302	2,127,201	0.35	(0.01)
	Investors Education Protection Fund	35,324	-	35,324	0.01	38,891	-	38,891	0.01	-
	Non Resident Indians	2,025,731	517,182	2,542,913	0.42	1,909,000	517,182	2,426,182	0.40	(0.02)
	NRI Non-Repatriation	2,780,284	-	2,780,284	0.46	2,781,140	-	2,781,140	0.46	-
	Employees ESOP Trust	9,005,047	-	9,005,047	1.50	8,585,224	-	8,585,224	1.43	(0.07)
	Trusts	11,799,557	-	11,799,557	1.97	10,763,626	-	10,763,626	1.79	(0.17)
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2)	**111,210,331**	**1,377,522**	**112,587,853**	**18.76**	**102,929,219**	**1,372,880**	**104,302,099**	**17.38**	**(1.38)**
	Total B=B(1)+B(2)	**234,614,640**	**1,377,522**	**235,992,162**	**39.33**	**234,619,282**	**1,372,880**	**235,992,162**	**39.33**	**-**
	Total (A+B)	**598,622,478**	**1,377,522**	**600,000,000**	**100.00**	**598,627,120**	**1,372,880**	**600,000,000**	**100.00**	**-**
(C)	**Shares held by custodians for GDRs & ADRs**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	GRAND TOTAL (A+B+C)	**598,622,478**	**1,377,522**	**600,000,000**	**100.00**	**598,627,120**	**1,372,880**	**600,000,000**	**100.00**	**-**

2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Kiran Mazumdar-Shaw	237,862,692	39.64	-	237,862,692	39.64	-	-
2	Glentec International Limited	118,605,582	19.77	-	118,605,582	19.77	-	-
3	John Shaw	4,222,674	0.70	-	4,222,674	0.70	-	-
4	Ravi Rasendra Mazumdar	2,295,042	0.38	-	2,295,042	0.38	-	-
5	Yamini R Mazumdar	762,606	0.13	-	762,606	0.13	-	-
6	Dev Mazumdar	259,242	0.04	-	259,242	0.04	-	-
	Total	**364,007,838**	**60.67**	**-**	**364,007,838**	**60.67**	**-**	**-**

3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**KIRAN MAZUMDAR-SHAW**				
	At the beginning of the year	237,862,692	39.64	237,862,692	39.64
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	237,862,692	39.64
2.	**GLENTEC INTERNATIONAL LIMITED**				
	At the beginning of the year	118,605,582	19.77	118,605,582	19.77
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	118,605,582	19.77
3.	**JOHN SHAW**				
	At the beginning of the year	4,222,674	0.70	4,222,674	0.70
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	4,222,674	0.70
4.	**RAVI RASENDRA MAZUMDAR**				
	At the beginning of the year	2,295,042	0.38	2,295,042	0.38
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	2,295,042	0.38
5.	**YAMINI R MAZUMDAR**				
	At the beginning of the year	762,606	0.13	762,606	0.13
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	762,606	0.13
6.	**DEV MAZUMDAR**				
	At the beginning of the year	259,242	0.04	259,242	0.04
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	259,242	0.04

4. Shareholding pattern of top ten shareholding (other than Director, promoter and holding of GDRs and ADRs)

1. OPPENHEIMER DEVELOPING MARKETS FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the Company		No of Shares	% of total shares of the Company
At the beginning of the year 01/04/2018		25,864,456	4.31		25,864,456	4.31
29/03/2019	Decrease/Sold			(1,371,371)	24,493,085	4.08
At the End of the Year 31/03/2019					24,493,085	4.08

2. AHAN- I LTD

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the Company		No of Shares	% of total shares of the Company
At the beginning of the year 01/04/2018		3,765,887	0.63		3,765,887	0.63
At the End of the Year 31/03/2019					3,765,887	0.63

3. IIFL INVESTMENT ADVISER AND TRUSTEE SERVICES LIMITED

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		3,000,000	0.50		3,000,000	0.50
At the End of the Year 31/03/2019					3,000,000	0.50

4. FRANKLIN TEMPLETON INVESTMENT FUNDS

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		6,672,373	1.11		6,672,373	1.11
20/04/2018	Decrease/Sold			(232,782)	6,439,591	1.07
27/04/2018	Decrease/Sold			(57,768)	6,381,823	1.06
25/05/2018	Decrease/Sold			(418,262)	5,963,561	0.99
08/06/2018	Decrease/Sold			(461,662)	5,501,899	0.92
15/06/2018	Decrease/Sold			(189,469)	5,312,430	0.89
13/07/2018	Decrease/Sold			(123,467)	5,188,963	0.86
03/08/2018	Decrease/Sold			(355,293)	4,833,670	0.81
21/09/2018	Decrease/Sold			(167,501)	4,666,169	0.78
05/10/2018	Decrease/Sold			(100,012)	4,566,157	0.76
16/11/2018	Decrease/Sold			(5,048)	4,561,109	0.76
30/11/2018	Decrease/Sold			(446,442)	4,114,667	0.69
14/12/2018	Decrease/Sold			(274,149)	3,840,518	0.64
25/01/2019	Decrease/Sold			(430,400)	3,410,118	0.57
At the End of the Year 31/03/2019					3,410,118	0.57

5. RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCEARBIT

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		3,229,889	0.54		3,229,889	0.54
06/04/2018	Decrease/Sold			(273,600)	2,956,289	0.49
13/04/2018	Decrease/Sold			(32,400)	2,923,889	0.49
04/05/2018	Increase/Bought			199,800	3,123,689	0.52
04/05/2018	Decrease/Sold			(620,000)	2,503,689	0.42
11/05/2018	Decrease/Sold			(144,900)	2,358,789	0.39
18/05/2018	Decrease/Sold			(54,900)	2,303,889	0.38
08/06/2018	Increase/Bought			280,900	2,584,789	0.43
22/06/2018	Increase/Bought			146,700	2,731,489	0.46
29/06/2018	Increase/Bought			327,327	3,058,816	0.51

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
06/07/2018	Increase/Bought			32,673	3,091,489	0.52
13/07/2018	Increase/Bought			47,700	3,139,189	0.52
20/07/2018	Increase/Bought			333,900	3,473,089	0.58
27/07/2018	Decrease/Sold			(65,700)	3,407,389	0.57
10/08/2018	Decrease/Sold			(9,900)	3,397,489	0.57
17/08/2018	Increase/Bought			38,700	3,436,189	0.57
24/08/2018	Decrease/Sold			(7,200)	3,428,989	0.57
31/08/2018	Decrease/Sold			(171,900)	3,257,089	0.54
07/09/2018	Increase/Bought			666,400	3,923,489	0.65
14/09/2018	Increase/Bought			647,700	4,571,189	0.76
21/09/2018	Decrease/Sold			(6,300)	4,564,889	0.76
28/09/2018	Decrease/Sold			(87,300)	4,477,589	0.75
05/10/2018	Increase/Bought			90,280	4,567,869	0.76
12/10/2018	Increase/Bought			121,500	4,689,369	0.78
19/10/2018	Decrease/Sold			(79,200)	4,610,169	0.77
26/10/2018	Decrease/Sold			(614,700)	3,995,469	0.67
02/11/2018	Decrease/Sold			(50,400)	3,945,069	0.66
09/11/2018	Increase/Bought			19,800	3,964,869	0.66
09/11/2018	Decrease/Sold			(250,000)	3,714,869	0.62
16/11/2018	Increase/Bought			9,900	3,724,769	0.62
23/11/2018	Increase/Bought			1	3,724,770	0.62
23/11/2018	Decrease/Sold			(70,200)	3,654,570	0.61
30/11/2018	Increase/Bought			46,800	3,701,370	0.62
30/11/2018	Decrease/Sold			(100,000)	3,601,370	0.60
07/12/2018	Increase/Bought			40,000	3,641,370	0.61
07/12/2018	Decrease/Sold			(122,400)	3,518,970	0.59
14/12/2018	Decrease/Sold			(310,500)	3,208,470	0.53
21/12/2018	Increase/Bought			2,403,889	5,612,359	0.94
21/12/2018	Decrease/Sold			(2,517,289)	3,095,070	0.52
28/12/2018	Increase/Bought			1,800	3,096,870	0.52
28/12/2018	Decrease/Sold			(2)	3,096,868	0.52
04/01/2019	Increase/Bought			3,600	3,100,468	0.52
11/01/2019	Increase/Bought			279,069	3,379,537	0.56
11/01/2019	Decrease/Sold			(6,300)	3,373,237	0.56
18/01/2019	Increase/Bought			303,549	3,676,786	0.61
25/01/2019	Increase/Bought			33,876	3,710,662	0.62
01/02/2019	Increase/Bought			560,669	4,271,331	0.71
08/02/2019	Increase/Bought			77,915	4,349,246	0.72
15/02/2019	Increase/Bought			28,425	4,377,671	0.73
22/02/2019	Increase/Bought			69,997	4,447,668	0.74
01/03/2019	Increase/Bought			7,280	4,454,948	0.74
01/03/2019	Decrease/Sold			(226,500)	4,228,448	0.70
08/03/2019	Increase/Bought			3,458	4,231,906	0.71
08/03/2019	Decrease/Sold			(540,500)	3,691,406	0.62
15/03/2019	Increase/Bought			17,557	3,708,963	0.62
15/03/2019	Decrease/Sold			(18,900)	3,690,063	0.62
22/03/2019	Increase/Bought			15,106	3,705,169	0.62
22/03/2019	Decrease/Sold			(115,200)	3,589,969	0.60
29/03/2019	Increase/Bought			125,287	3,715,256	0.62
At the End of the Year 31/03/2019					3,715,256	0.62

6. SOCIETE GENERALE

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		3,121,551	0.52		3,121,551	0.52
06/04/2018	Decrease/Sold			(11,467)	3,110,084	0.52
20/04/2018	Increase/Bought			442	3,110,526	0.52
27/04/2018	Increase/Bought			224	3,110,750	0.52
04/05/2018	Increase/Bought			388	3,111,138	0.52
08/06/2018	Increase/Bought			69,898	3,181,036	0.53
15/06/2018	Increase/Bought			71,108	3,252,144	0.54
22/06/2018	Decrease/Sold			(46,417)	3,205,727	0.53
29/06/2018	Decrease/Sold			(43,172)	3,162,555	0.53
06/07/2018	Decrease/Sold			(55,077)	3,107,478	0.52
13/07/2018	Increase/Bought			351	3,107,829	0.52
20/07/2018	Decrease/Sold			(10,383)	3,097,446	0.52
03/08/2018	Increase/Bought			11,608	3,109,054	0.52
10/08/2018	Decrease/Sold			(188,021)	2,921,033	0.49
17/08/2018	Decrease/Sold			(36,098)	2,884,935	0.48
31/08/2018	Increase/Bought			16,089	2,901,024	0.48
07/09/2018	Increase/Bought			9,390	2,910,414	0.49
14/09/2018	Decrease/Sold			(18,588)	2,891,826	0.48
21/09/2018	Increase/Bought			478	2,892,304	0.48
28/09/2018	Decrease/Sold			(1,516)	2,890,788	0.48
05/10/2018	Decrease/Sold			(355,899)	2,534,889	0.42
12/10/2018	Decrease/Sold			(169,652)	2,365,237	0.39
19/10/2018	Decrease/Sold			(356)	2,364,881	0.39
26/10/2018	Decrease/Sold			(5,024)	2,359,857	0.39
02/11/2018	Increase/Bought			240,871	2,600,728	0.43
09/11/2018	Decrease/Sold			(303)	2,600,425	0.43
16/11/2018	Increase/Bought			446	2,600,871	0.43
23/11/2018	Decrease/Sold			(233)	2,600,638	0.43
30/11/2018	Decrease/Sold			(736)	2,599,902	0.43
07/12/2018	Increase/Bought			143,872	2,743,774	0.46
14/12/2018	Increase/Bought			138,064	2,881,838	0.48
21/12/2018	Decrease/Sold			(694)	2,881,144	0.48
28/12/2018	Decrease/Sold			(659)	2,880,485	0.48
04/01/2019	Decrease/Sold			(20,078)	2,860,407	0.48
11/01/2019	Increase/Bought			305	2,860,712	0.48
18/01/2019	Increase/Bought			272	2,860,984	0.48
01/02/2019	Increase/Bought			197,403	3,058,387	0.51
15/02/2019	Decrease/Sold			(319)	3,058,068	0.51
01/03/2019	Decrease/Sold			(31,500)	3,026,568	0.50
At the End of the Year 31/03/2019					3,026,568	0.50

7. NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		6,828,220	1.14		6,828,220	1.14
06/04/2018	Increase/Bought			77,889	6,906,109	1.15
21/09/2018	Decrease/Sold			(60,110)	6,845,999	1.14
16/11/2018	Increase/Bought			119,411	6,965,410	1.16
22/02/2019	Decrease/Sold			(395,238)	6,570,172	1.10
At the End of the Year 31/03/2019					6,570,172	1.10

8. LIC OF INDIA HEALTH PROTECTION PLUS FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		5,210,220	0.87		5,210,220	0.87
At the End of the Year 31/03/2019					5,210,220	0.87

9. ICICI PRUDENTIAL BALANCED ADVANTAGE FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		3,743,826	0.62		3,743,826	0.62
11/05/2018	Increase/Bought			365	3,744,191	0.62
25/05/2018	Decrease/Sold			(113)	3,744,078	0.62
22/06/2018	Decrease/Sold			(2)	3,744,076	0.62
29/06/2018	Increase/Bought			65,700	3,809,776	0.63
20/07/2018	Increase/Bought			100,000	3,909,776	0.65
27/07/2018	Increase/Bought			649,527	4,559,303	0.76
27/07/2018	Decrease/Sold			(112)	4,559,191	0.76
03/08/2018	Increase/Bought			664,466	5,223,657	0.87
10/08/2018	Increase/Bought			320,600	5,544,257	0.92
17/08/2018	Increase/Bought			50,000	5,594,257	0.93
07/09/2018	Decrease/Sold			(432,993)	5,161,264	0.86
28/09/2018	Increase/Bought			21,370	5,182,634	0.86
28/09/2018	Decrease/Sold			(108,999)	5,073,635	0.85
05/10/2018	Increase/Bought			137,943	5,211,578	0.87
12/10/2018	Increase/Bought			3,552	5,215,130	0.87
12/10/2018	Decrease/Sold			(14,400)	5,200,730	0.87
19/10/2018	Increase/Bought			202,062	5,402,792	0.90
19/10/2018	Decrease/Sold			(58,500)	5,344,292	0.89
26/10/2018	Increase/Bought			1,231	5,345,523	0.89
02/11/2018	Increase/Bought			299,684	5,645,207	0.94
02/11/2018	Decrease/Sold			(480,409)	5,164,798	0.86
09/11/2018	Increase/Bought			839	5,165,637	0.86
16/11/2018	Increase/Bought			1,645	5,167,282	0.86
16/11/2018	Decrease/Sold			(89)	5,167,193	0.86
23/11/2018	Increase/Bought			659	5,167,852	0.86
23/11/2018	Decrease/Sold			(576)	5,167,276	0.86
30/11/2018	Increase/Bought			1,879	5,169,155	0.86

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
07/12/2018	Increase/Bought			1,001	5,170,156	0.86
14/12/2018	Increase/Bought			11,392	5,181,548	0.86
21/12/2018	Increase/Bought			1,025	5,182,573	0.86
21/12/2018	Decrease/Sold			(279,900)	4,902,673	0.82
28/12/2018	Increase/Bought			263	4,902,936	0.82
28/12/2018	Decrease/Sold			(344,970)	4,557,966	0.76
04/01/2019	Increase/Bought			588	4,558,554	0.76
11/01/2019	Increase/Bought			1,429	4,559,983	0.76
18/01/2019	Increase/Bought			3,104	4,563,087	0.76
25/01/2019	Increase/Bought			915	4,564,002	0.76
01/02/2019	Increase/Bought			4,982	4,568,984	0.76
08/02/2019	Increase/Bought			1,960	4,570,944	0.76
15/02/2019	Increase/Bought			2,664	4,573,608	0.76
15/02/2019	Decrease/Sold			(364,432)	4,209,176	0.70
22/02/2019	Increase/Bought			3,343	4,212,519	0.70
22/02/2019	Decrease/Sold			(4,437)	4,208,082	0.70
01/03/2019	Increase/Bought			2,218	4,210,300	0.70
08/03/2019	Increase/Bought			791	4,211,091	0.70
15/03/2019	Increase/Bought			1,549	4,212,640	0.70
22/03/2019	Increase/Bought			3,788	4,216,428	0.70
22/03/2019	Decrease/Sold			(22,447)	4,193,981	0.70
29/03/2019	Increase/Bought			2,824	4,196,805	0.70
29/03/2019	Decrease/Sold			(14)	4,196,791	0.70
At the End of the Year 31/03/2019					4,196,791	0.70

10. ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
At the beginning of the year 01/04/2018		4,960,146	0.83		4,960,146	0.83
11/05/2018	Increase/Bought			23,600	4,983,746	0.83
11/05/2018	Decrease/Sold			(23,600)	4,960,146	0.83
25/05/2018	Increase/Bought			14,623	4,974,769	0.83
25/05/2018	Decrease/Sold			(14,623)	4,960,146	0.83
08/06/2018	Increase/Bought			217,800	5,177,946	0.86
27/07/2018	Increase/Bought			28,274	5,206,220	0.87
27/07/2018	Decrease/Sold			(28,274)	5,177,946	0.86
10/08/2018	Decrease/Sold			(200,000)	4,977,946	0.83
17/08/2018	Decrease/Sold			(200,000)	4,777,946	0.80
14/09/2018	Increase/Bought			9,900	4,787,846	0.80
21/09/2018	Increase/Bought			9,900	4,797,746	0.80
02/11/2018	Increase/Bought			225,000	5,022,746	0.84
02/11/2018	Decrease/Sold			(19,800)	5,002,946	0.83
21/12/2018	Increase/Bought			55,024	5,057,970	0.84
21/12/2018	Decrease/Sold			(21,857)	5,036,113	0.84
28/12/2018	Increase/Bought			352	5,036,465	0.84
11/01/2019	Increase/Bought			10,593	5,047,058	0.84
11/01/2019	Decrease/Sold			(7,803)	5,039,255	0.84
15/02/2019	Increase/Bought			36,363	5,075,618	0.85
15/02/2019	Decrease/Sold			(47,000)	5,028,618	0.84

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2018		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2019	
		No of Shares	% of total shares of the company		No of shares	% of total shares of the company
01/03/2019	Increase/Bought			22,453	5,051,071	0.84
01/03/2019	Decrease/Sold			(18,715)	5,032,356	0.84
08/03/2019	Increase/Bought			6,764	5,039,120	0.84
15/03/2019	Increase/Bought			1,909	5,041,029	0.84
22/03/2019	Decrease/Sold			(111,700)	4,929,329	0.82
29/03/2019	Increase/Bought			33,422	4,962,751	0.83
29/03/2019	Decrease/Sold			(108,701)	4,854,050	0.81
At the End of the Year 31/03/2019					4,854,050	0.81

5. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	%of total share of the Company
1	**KIRAN MAZUMDAR-SHAW**				
	At the beginning of the year	237,862,692	39.64	237,862,692	39.64
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	237,862,692	39.64
2	**JOHN SHAW**				
	At the beginning of the year	4,222,674	0.70	4,222,674	0.70
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	4,222,674	0.70
3	**ARUN SURESH CHANDAVARKAR**				
	At the beginning of the year	6,600,000	1.10	6,600,000	1.10
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	6,600,000	1.10
4	**RAVI RASENDRA MAZUMDAR**				
	At the beginning of the year	2,295,042	0.38	2,295,042	0.38
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	2,295,042	0.38
5	**SIDDHARTH MITTAL**				
	At the beginning of the year	58,500	0.01	58,500	0.01
	Increase /Decrease in shareholding during the year	43,500	0.01	102,000	0.02
	At the End of the year	-	-	102,000	0.02
6	**SATISH KUMAR SS***				
	At the beginning of the year	-	-	-	-
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	-	-

* Mr. Satish Kumar SS ceased to hold office as Company Secretary and Compliance Officer effective March 15, 2019.

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V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

In ₹ Million

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,302	28	-	1,330
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,302**	**28**	**-**	**1,330**
Change in Indebtedness during the financial year*				
- Addition	54	1	-	55
- Reduction	(663)	(7)	-	(670)
Net Change	(609)	(6)	-	(615)
Indebtedness at the end of the financial year				
i) Principal Amount	693	21	-	714
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1	-	1
Total (i+ii+iii)	**693**	**22**	**-**	**715**

* including restatement loss/(gain) on foreign currency borrowings

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager

In ₹ Million

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1.	Gross salary	Kiran MazumdarShaw (CMD)	Arun s Chandavarkar (CEO & Jt. MD)	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	28.06	38.24	66.30
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.03	0.03	0.06
	(c) Profits in lieu of salary under Section 17(3) of the Income- tax Act, 1961	-	-	-
2.	Stock Option *	-	1.37	1.37
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify Others, please specify	-	-	-
	Total(A)	**28.09**	**39.64**	**67.73**
	Ceiling as per the Act			363.20

*The amount indicates perquisite value of stock options exercised during the year.

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B. Remuneration to other directors:

In ₹ Million

Sl. No.	Particulars of Remuneration	Name of Directors							
1.	**Independent Directors**	**Russell walls**	**Daniel M Bradbury**	**Jeremy M Levin**	**Mary Harney**	**Vijay K Kuchroo**	**M Damodaran**	**Bobby Kanubhai Parikh**	**Total Amount**
	Fee for attending Board/ Committee meetings	0.50	0.60	0.60	0.60	0.60	0.40	0.40	3.70
	Commission	4.32	3.39	2.84	3.54	3.31	2.23	1.86	21.49
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**4.82**	**3.99**	**3.44**	**4.14**	**3.91**	**2.63**	**2.26**	**25.19**
	Other Non-Executive Directors	**John Shaw**	**Ravi Mazumdar**						
	- Fee for attending Board/ Committee meetings	0.40	0.50						0.90
	- Commission	1.15	3.01						4.16
	- Others, please specify	-	-						-
	Total (2)	**1.55**	**3.51**						**5.06**
	Total (B)=(1)+(2)								**30.25**
	Ceiling as per the Act								36.32
	Total Managerial Remuneration (A)+(B)								**97.98**

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ Whole-time Director

In ₹ Million

Sl. No.	Particulars	Key Managerial Personnel		
		CFO	**CS**	**Total**
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	22.10	2.31	24.41
	(b) Value of perquisites under Section 17(2) of the Income-tax Act,1961	0.03	-	0.03
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option *	3.43	-	13.85
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify*	-	-	-
	Total	**25.56**	**2.31**	**27.87**

*The amount indicates perquisite value of stock options exercised during the year

Note:

1. Remuneration of CEO is not included above, since he is Joint Managing Director and details are already included in Section (A) above
2. Mr. Satish Kumar SS ceased to hold office as Company Secretary and Compliance Officer effective March 15, 2019 and hence his remuneration is disclosed only for the period of holding the office.

VII. Penalties/ Punishment/ Compounding of Offences:

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2019.

For and on behalf of the Board

Bengaluru
April 25, 2019

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

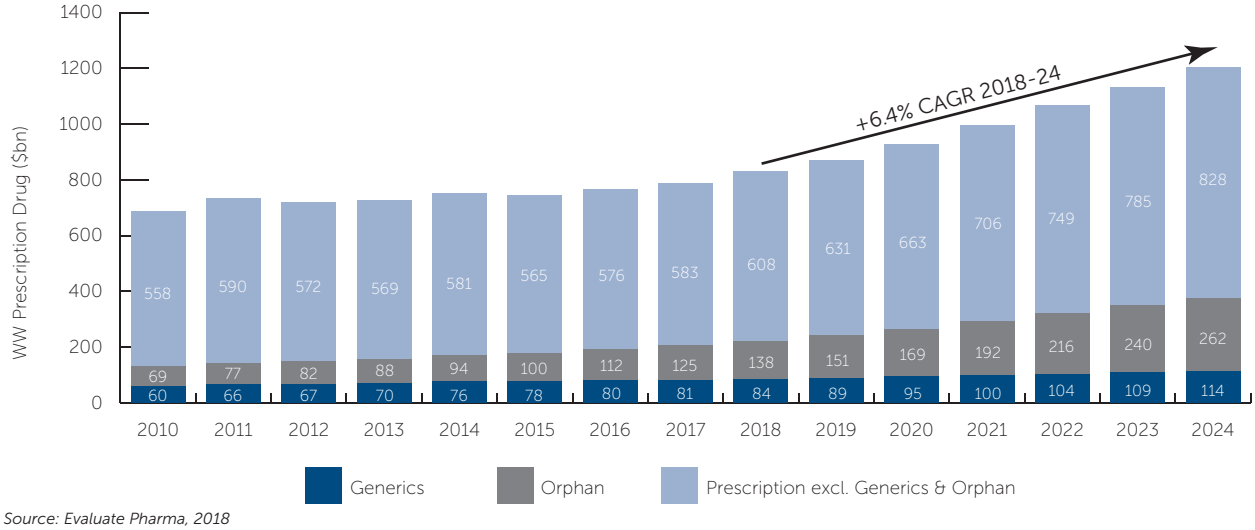
Management
Discussion and Analysis

Industry Review

As per the International Monetary Fund, global economic growth remained steady in 2018, with a projected annual growth rate of 3.7%. This was despite concerns over international trade, weaker economic performance in some countries, notably Europe and Asia, and geopolitical friction.

Economic growth, an expanding global population and technological change are expected to contribute to growth in the pharmaceutical industry. However, social, economic and political challenges remain in meeting unmet medical needs. The global healthcare market continues to grow, despite signs of economic slowdown in some countries. Worldwide prescription drug sales[1] are expected to rise from ~US$900 billion in 2019 to US$1.2 trillion by 2024, with CAGR for pharmaceutical drugs expected to be 6.4%, or six times the 1.2% over 2011–2017.

Figure 1. Worldwide prescription drug sales, 2018–2024



Source: Evaluate Pharma, 2018

Growth is expected to be driven by the continued uptake and anticipated launch of novel therapies, including gene and cell therapy addressing key unmet needs, as well as increasing access to medicines globally. Payer scrutiny and sales losses from genericization and biosimilar competition will act as brakes on growth.

Trends Impacting the Global Pharmaceutical Sector

1. Growing and ageing populations
2. Advances in Science & Technology and Key R&D Focus Areas
3. Pricing and Access
4. Regulatory Environment & Geopolitical Uncertainties

Growing and Ageing Populations

Demographic change is driving demand for both preventive and therapeutic healthcare products. The world's population is rising and more people are living longer. An ageing population and changes in society are contributing to steady increases in non-communicable diseases (NCDs) with developing countries particularly affected as their populations grow. These diseases include cancer and cardiovascular, metabolic and respiratory diseases often associated with lifestyle choices, including smoking, diet and lack of exercise. NCDs are also associated with ageing and, with the world having higher number of older people (over 65 years of age), healthcare costs are rising as people are living longer.

As the burden of NCDs grows, so do public expectations, while the Governments' ability to address these is constrained as finances are under stress. Low and middle-income countries that are disproportionately affected by increased burden of NCDs are also impacted by issues such as nutrition, hygiene, air pollution and climate change, thereby worsening social, economic and demographic inequalities.

Advances in Science & Technology and Key R&D Focus Areas

Scientific innovation is critical to addressing unmet medical needs. Rapid advances made in this area are transforming development of newer medical therapies. Greater understanding of the biology of human disease and the use of new technology and approaches is enabling scientists to identify

1. Evaluate Pharma, 2018

and develop novel targeted treatments. Innovation is being accelerated through the use of large volumes of biological data from disease biology and genomics which is driving precision medicine, while advances in data management and data integration are accelerating scientific discovery, improving health through technology and improving the speed and quality of clinical trial processes. Such advances have resulted in increased numbers of FDA Priority Reviews and Breakthrough Designations. At the same time, enabled by technology, patients are becoming more engaged and willing to take greater control of their health and treatment choices.

Oncology is expected to remain the dominant therapy segment, growing US$129 billion in projected worldwide sales over 2017–2024, and reaching US$233 billion by 2024. Immunosuppressants are expected to have the highest CAGR gain during the period 2017–2024, at 15.7%, followed by Dermatologicals (13%), Oncology (12.2%), and Anti-anemics (11%).

Table 1: Worldwide Prescription Drug & OTC Sales by Therapy Area in 2024

	Therapy Areas	WW Sales 2017 (US$B)	Projected WW Sales 2024 (US$B)	CAGR (growth)
1.	Oncology	104.0	233.0	12.2%
2.	Anti-diabetics	46.1	59.5	3.7%
3.	Anti-rheumatics	55.7	56.7	0.2%
4.	Vaccines	27.7	44.6	7.1%
5.	Anti-virals	42.4	39.9	-0.9%
6.	Immunosuppressants	13.7	38.1	15.7%
7.	Bronchodilators	27.2	32.3	2.5%
8.	Dermatoloticals	12.9	30.3	13.0%
9.	Sensory Organs	21.6	26.9	3.2%
10.	Anti-hypertensives	23.0	24.4	0.8%
11.	Anti-coagulants	16.8	22.9	4.6%
12.	MS Therapies	22.7	21.5	-0.8%
13.	Anti-fibrinolytics	12.7	20.4	7.1%
14.	Anti-hyperlipidemics	11.3	16.4	5.5%
15.	Anti-anemics	7.6	15.7	11.0%
	Top 15	445	683	6.3%
	Other	379	567	5.9%
	Total WW Prescription & OTC	**825**	**1,249**	**6.1%**

Source: Evaluate Pharma 2018

The *orphan drugs* sector is expected to outperform the market, almost doubling in size over 2018-2024 and peaking at US$262bn in 2024, accounting for approximately 20% of prescription sales[2]. This highlights the industry's continued move to address small groups of neglected patients with high unmet needs and to benefit from regulatory and financial incentives. In particular, gene and cell therapies are accelerating growth. The Chimeric Antigen Receptor T-cell (CAR-T) therapy market[3] is projected to increase at an annualized rate of over 51% during the period 2018–2030.

The first two CAR-T immunotherapies, as well as a novel gene therapy gained US Food & Drug Administration (FDA) approval in 2017.[4] These therapies received Priority Review, Breakthrough Therapy and Orphan Drug Designations, demonstrating the FDA's commitment to expediting the development and review of these ground breaking treatments. Cellular and gene therapy related research and development is advancing rapidly in the United States and China, where hundreds of trials are underway.[5]

Biosimilars have been on the market in Europe for more than a decade, and the United States granted its first approval in 2015. To get biosimilars to market more quickly and help save costs, the FDA is accelerating the approval process through its Biosimilars Action Plan, launched in July 2018.[6] The plan was updated in December 2018, to better address anti-competitive practices that abuse current regulations and distribution systems. The new policies and revised guidance aim to prevent companies from gaming exclusivity provisions and ensure that when drugs transition into biologics, they don't receive extra exclusivities they aren't entitled to have. When markets become more competitive, regulators expect prices will fall, and greater access will be available to patients.

Pricing and Access

The growing demand for healthcare due to demographic change is further constraining healthcare providers with push for universal healthcare coverage. As difficult economic conditions are burdening patients with out-of-pocket expenses relating to medicines, Government and payer budgets remain subject to increasing reviews.

The pricing of biopharmaceutical products continues to draw significant attention from Governments and the public, with calls for better transparency on how prices are set and a greater emphasis on health outcome-based pricing. Specialty drugs are increasingly being used for treatment of complex, chronic or rare conditions, and pricing for these products reflects the higher value they bring to patients and payers, as well as the smaller patient numbers as a result of targeted treatment options.

2. Evaluate Pharma, 2018
3. CAR-T Therapies Market, 2018-2030, Market Watch, 22 August 2018: https://www.marketwatch.com/press-release/car-t-therapies-market-2018-2030-2018-08-22
4. https://www.fda.gov/vaccines-blood-biologics/cellular-gene-therapy-products/approved-cellular-and-gene-therapy-products
5. https://www.the-scientist.com/infographics/cell-and-gene-therapytracker-64450
6. https://www.fda.gov/media/114574/download

Pricing controls and transparency measures remain a priority in many markets, including key markets such as China, Europe and several emerging economies. In China, the authorities accelerated progress towards bringing innovative treatments to market. This included increasing the pace and frequency of reimbursement coverage, especially for oncology drugs. Governments elsewhere pursued implementation and expansion price control measures for medicines. International reference pricing continued to gain traction, although many countries engaged in negotiation of confidential contracts with manufacturers.

There continues to be pressure on pricing in the United States, where Federal and State policymakers are considering legislative and regulatory efforts to lower drug prices and to implement transparency measures. The current administration is undertaking a comprehensive review of drug pricing and its reimbursement, and along with the Congress, remains focused on healthcare policy priorities, including efforts to increase competition and generic drug use in Government programs. This is likely to create downward pressure on pricing. Federal agencies in the United States remained on course with proposing and implementing policies & programs with the goal of reducing costs, increasing transparency, transforming the delivery system, and improving quality and patient outcomes. The administration aims to achieve this through a number of mechanisms, such as limiting rebates, introducing international reference pricing to compare domestic drug prices with other countries, value-based pricing pilots and reform of Medicare.

Despite this, medicines that are clearly differentiated in areas of unmet medical need will continue to attract strong coverage and funding globally. To expand access to drugs, cell and gene therapies, life science companies may need to align their commercial models with changing market dynamics in advanced markets such as the United States and Europe. Biopharmaceutical companies may need to demonstrate not just the clinical benefits but also the economic and humanistic value that their products bring to all stakeholders[7].

Regulatory Environment & Geopolitical Uncertainty

The public's expectation of safe, effective and high-quality medicines is reflected in a highly regulated biopharmaceutical industry. At the same time, we are seeing instances of Government policy and regulation being introduced to stimulate innovation in drug development, and of regulatory health authorities implementing programs intended to speed up patient access to transformative medicines. For example, China, Japan and the United States recently introduced regulatory approaches to encourage pharmaceutical innovation. Meanwhile, work on cross-border harmonization of pharmaceutical regulation is increasing through supra-national bodies, such as the International Conference of Drug Regulatory Authorities and the International Council for Harmonization.

Several uncertainties are also present in the industry; disputes over healthcare policies in the United States are expected to continue, causing uncertainty for all market players over the next few years. In Europe, they include how the United Kingdom (UK) might work with the EU regulatory system following its planned exit from the EU, the approach the UK might take to establishing its own regulatory system outside the EU, with the relocation of the EMA from London to Amsterdam, Netherlands and the likely disruption this will cause to regulatory processes.

However, significant areas of regulatory policy are still evolving. Amongst these are transparency of data regarding level of evidence to support approval of claims for biosimilarity in labelling, standards for interchangeability & pharmaceutical substitution, and traceability of pharmacovigilance reports through naming conventions that permit differentiation of products.

Our Strategic Response

At Biocon, our strategy is to bring differentiated, high-quality affordable products with high unmet need to the global marketplace and make these products available to patients, partners and healthcare systems across the globe. Our long-term priorities involve a specialty play underpinned by scientific & technical know-how, vertical integration, talented people, our work culture, strong global partners and customers. We remain confident to deliver on our goals across various business segments.

We believe our choices, which revolve around complexity of development and involve breadth and depth of services, are our differentiators giving us a competitive advantage in our areas of operation. We continue to invest in scientific & technical excellence and new capacities to develop and launch a pipeline of new products, expand production in existing products and executing competitively. We continue to make good progress on these priorities, which is enabling us to respond to the dynamic environment in which we operate.

Business Review

Small Molecules API and Generic Formulations

Our Small Molecules business is built on the back of our unique strength in fermentation technology and entrenched presence in the chronic therapies space. Our differentiated portfolio spans complex molecules ranging from cardiovascular and anti-obesity agents to immunosuppressants and narrow spectrum antibiotics. We have, and will continue to invest in and grow our differentiated portfolio of Active Pharmaceutical Ingredients (APIs) which may have technical barriers to entry, e.g. complexity in manufacturing, potent compounds or a mix of both. Since our state of- the-art manufacturing facilities and strict quality compliance to rigorous regulatory requirements have made us a preferred global partner for APIs for our customers, we believe there is headroom for further growth, based on our selected portfolio.

While APIs are certainly a part of the business opportunity, going forward, the Small Molecules business would increasingly focus on building on the generic formulations opportunity.

Building on our core expertise in APIs, we forward integrated into Generic Formulations for both developed and emerging markets, a few years ago. To stay abreast of the ever-growing competition in the generics business, we have chosen to focus on niche therapeutic areas such as oncology, diabetes, autoimmune diseases and immunosuppressants over the next few years. Initially, our product selection focused on leveraging supply reliability due to vertical integration in the chronic space of cardiovascular drugs and other chosen therapeutic areas. Going forward, we would like to leverage our strengths in fermentation technology and characterization techniques to become a vertically integrated player in the niche space of difficult-to-make generic formulations. The strategy is to build a robust pipeline of difficult-to-make, technology-intensive molecules which can be commercialized in several global markets including the United States. The combination of a strong R&D team, world-class manufacturing facilities approved by international regulatory agencies and a dynamic commercial team have helped this fully integrated business expand the available commercial opportunities globally.

7. https://blogs.deloitte.com/centerforhealthsolutions/four-market-realities-new-pharmaceutical-commercial-models-should-consider-addressing/

We continue to be judicious in pursuing the generic formulations opportunity, which is reflective of the current and expected market dynamics in the United States. We will continue to pursue select opportunities which meet our internal selection bar for complexity in manufacturing or development and vertical integration.

Table 2: API Sample Portfolio –

Statins Basket	Simvastatin, Pravastatin, Atorvastatin, Rosuvastatin, & Fluvastatin
Immunosuppressants Basket	Tacrolimus, Sirolimus, Everolimus, Mycophenolate Mofetil & Mycophenolate Sodium
Other Key Products	Orlistat, Fidaxomicin

Table 3: Generic Formulations Sample Portfolio –

Molecule	Status
Rosuvastatin	Launched – United States & EU
Simvastatin	Launched – United States
Atorvastatin	Launched – United States
Fingolimod	Tentative Approval (United States)
Pemetrexed	Tentative Approval (United States)

FY19 Highlights: The Small Molecules segment returned to growth in FY19 after registering a decline the previous year. Last year, the segment had faced headwinds as a result of pricing pressure and channel consolidation faced by our clients in the United States. This fiscal, the segment recorded robust sales of core APIs to customers in Latin America, Europe, and the Middle Eastern markets coupled with increased supplies to India-based customers catering to the United States market. We saw uptick in volumes as well as steadiness in terms of the pricing.

Our Generic Formulations business also delivered strong top line growth during the year, albeit from a small base. We successfully commercialized Atorvastatin and Simvastatin formulations in the United States in FY19 and recorded market share gains in the previously launched Rosuvastatin formulations. More launches are expected over the next 2-3 years, which cumulatively provides revenue growth visibility to this segment.

During the year under review, we filed several Drug Master Files (DMFs) in developed markets and key emerging markets, helping strengthen our Small Molecule pipeline.

On the regulatory side, our multiple facilities in Hyderabad and Bengaluru underwent audits from key global regulatory agencies. Biocon's API manufacturing facility in Hyderabad, Telangana successfully completed multiple audits, including audits by FDA – United States, TGA - Australia and COFEPRIS - Mexico. Our oral solid dosage facility, which was commissioned last fiscal (FY18) underwent multiple successful regulatory audits as a result of our various filings in the United States and Europe. The successful completion of audits of our various manufacturing facilities (API + Formulations) reflects our strong commitment to quality and cGMP compliance.

Performance of Small Molecules Segment in FY19 - Small molecules is the largest segment for our Company, contributing 31% of consolidated revenues from operations in FY19. Revenues were ₹ 17,728 mn in FY19, as compared to ₹ 15,077 mn in FY18, reflecting a growth of 18%. The better performance in FY19 over the previous fiscal was driven by a better product mix and increased demand for our API sales in global markets aided by growth in the nascent generic formulations business in the US.

Biologics (Biosimilars & Novel Biologics)

Biocon is an established and vertically integrated global biologics player that has invested ahead of peers in this exciting area. We entered this area over 15 years ago with focus and determination to take the path less travelled, which has enabled us to be an early mover in the area of biosimilars and novel biologics.

In Biosimilars, we have a rich pipeline of differentiated assets aimed at addressing local as well as global unmet medical needs associated with non-communicable diseases. Our pipeline consists of commercialized and under-development molecules that include human insulin/insulin analogues, monoclonal antibodies and other biologics. The therapeutic focus has been in developing molecules in the area of diabetes, oncology, and immunology. We have partnered our portfolio with global majors - Mylan and Sandoz along with established and leading local players in emerging markets to develop and make available these products across global markets.

The Novel Molecules portfolio has both in-house as well as partnered and in-licensed products targeting diabetes, oncology and immunology. Biocon's focus on innovation for global markets continues to be strengthened by directing efforts at increasing depth and emphasis on our in-house research capabilities – including access to novel IP, therapeutic modalities, in-vivo and in-vitro models, toxicology studies, early regulatory filings, academic collaborations etc. In development, broader global advancement of our novel program assets will likely be driven via external collaborations to further fund the larger studies required to bring these to market and realize the full value of our innovations.

Biosimilars

Biosimilars are expected to provide affordable and accessible alternatives to originator biologics for patients and an opportunity for Governments across the world to rein in burgeoning healthcare spends. Biocon has been an early mover in the development and commercialization of biosimilars and has become not only the leading player from India (based on number of US and EU biosimilar approvals), but also a leading global biosimilars player overall. We have one of the broadest and deepest pipelines in the industry straddling insulins, monoclonal antibodies and recombinant proteins in a portfolio targeting diabetes, autoimmune diseases and oncology in various presentation formats, including devices for self-administration. Our commitment to provide access to high quality, yet affordable, biosimilars to a global patient pool led us to develop the technology, critical mass and skillsets for producing these complex molecules at a time when there were few credible global players.

The development of biosimilars requires the confluence of multiple high-end skills in physicochemical and biological characterization, sensitive orthogonal analytical techniques for demonstrating biosimilarity at the molecular level, pharmacokinetic (PK) and pharmacodynamic (PD) studies against

the chosen reference product as well as extensive human clinical trials. Thus, R&D costs for developing biosimilars are significantly high and the time for their development is long in comparison to the cost and time for development of conventional chemical synthesis-based "small molecule" generic pharmaceuticals. Technical know-how needs to be well supported by infrastructure investments of global scale, coupled with a strong focus on profitable commercialization, to support a long term play.

Along with our partners, we have invested several hundred million dollars in research and development to develop our portfolio assets, and in creating commercial scale manufacturing capacities to address global volume requirements across multiple manufacturing platforms. We remain committed to making additional investments in R&D and to enhancing our manufacturing capacities.

Biocon has a co-development collaboration with Mylan to develop 11 products. The early wave of molecules from the Mylan collaboration have either been or will soon be commercialized in the developed markets such as United States and Europe. We have also partnered with Sandoz, a global leader in Biosimilars, for an undisclosed number of molecules that are expected to be launched in global markets sometime around the middle of next decade. These major partnerships are well supported with strategic tie ups with major local commercialization players in key emerging markets. We have planned a step approach to move up the accountability and capability curve with the ultimate goal of having global development and world class commercialization capabilities in the years ahead. Manufacturing capacity planning and its expansion dovetails our projected timelines of development and commercialization as per our internal assessment.

Biocon has endured early challenges to be in an advantageous early mover position today and has several firsts to its credit. Few of them are listed below:

- Our biosimilar Trastuzumab, co-developed with Mylan, was the first in its category to be approved and commercialized globally. It was approved in India in November '13 and commercialized in January '14 under the brand name CANMAb™.
- In March '16, we were the first company from India to receive a approval for biosimilar Insulin Glargine in Japan. This was a significant achievement for Biocon and its commercial partner, FUJIFILM Pharma Company Limited in the highly regulated Japan market and marked a significant credibility milestone for Biocon. The product was launched in July '16.
- Our biosimilar Trastuzumab, co-developed with Mylan and branded as Orgivri®, has the distinction of being the first biosimilar Trastuzumab to receive approval in the United States. Ogivri® was approved by the US FDA in December '17.
- In June '18, our biosimilar Pegfilgrastim, co-developed with Mylan and branded as Fulphila™, received approval from the US FDA. Mylan commercialized the product in the United States in July 2018.

Table 4: Status of Biocon's Global Biosimilar Portfolio

	Therapeutic Area	Molecule	Status
MYLAN & LOCAL PARTNERS	Oncology	TRASTUZUMAB	Launched in EU & Emerging Markets. Approved in U.S. & Australia.
	Oncology	PEGFILGRASTIM	Launched in the U.S. Approved in EU, Australia & Canada.
	Oncology	BEVACIZUMAB	Launched in India. Global Phase III.
	Oncology	FILGRASTIM	Preclinical
	Oncology	PERTUZUMAB	Early Development
	Diabetes	INSULIN GLARGINE 100 IU/ML	Launched in the EU, Japan# & Emerging Markets. Approved in Australia & New Zealand. Under review in U.S.
	Diabetes	INSULIN GLARGINE 300 IU/ML	Early Development
	Diabetes	INSULIN ASPART	Global Phase III
	Diabetes	INSULIN LISPRO	Preclinical
	Diabetes	RECOMBINANT HUMAN INSULIN	Launched in Emerging Markets. In active development for U.S. (partnered with Lab Pisa)
	Autoimmune	ADALIMUMAB	Partner Mylan has launched in-licensed product Hulio® in EU. Biocon benefits from economic interest
	Autoimmune	ETANERCEPT	Partner Mylan's in-licensed product filed for approval in EU. Biocon retains economic interest
SANDOZ	Oncology & Immunology	VARIOUS ASSETS	Early stage development

 # Japan launch is outside of the Mylan partnership

FY19 Highlights: FY19 has been a landmark year for our Biologics business segment, both for biosimilars as well as novel molecules. While we received multiple approvals and launched some of our early wave biosimilars in developed and emerging markets, we also saw our partnered novel molecule Itolizumab receive the US Food and Drug Administration's (FDA) Orphan as well as Fast Track Designation for development.

Our biosimilars strategy has begun to pay off with the launch of our biosimilars in the United States and Europe and recent regulatory approvals of our key biosimilars in global markets. The major highlight of the fiscal was the US FDA approval in June'18 for Fulphila™, a biosimilar Pegfilgrastim co-developed by Biocon and Mylan. Fulphila™ was launched in the United States in July '18. It is the first biosimilar Pegfilgrastim to be approved and commercialized in that market. Fulphila®, witnessed encouraging acceptance in the United States, post its launch. Attractive pricing along with critical support programs including copay assistance, field reimbursement, patient assistance, and alternate coverage assistance helped it garner mid-teen market share in the syringe market for the product till Feb '19. During the year under review, Fulphila™ was also approved in Europe, Australia and Canada.

Ogivri®, biosimilar Trastuzumab, received regulatory approvals in the developed markets of Europe and Australia during FY '19. Ogivri® was launched in Europe towards the end of FY '19. It had already received approval in the United States in December '17, where it was the first biosimilar Trastuzumab to be approved. Through our biosimilar Trastuzumab, we continued to enhance access to a critical biologics therapy for cancer patients in several emerging markets as well. During the fiscal, we witnessed strong retail market uptake of our biosimilar Trastuzumab in Brazil. Zedora®, sold through our partner Libbs Farmaceutica, is the first biosimilar Trastuzumab approved in Brazil. We also maintained a robust market share for our biosimilar Trastuzumab in Algeria, where it enjoys wide acceptance from patients and prescribers. The first biosimilar Trastuzumab in United Arab Emirates (UAE) was launched under the brand name Canhera. We made regulatory submissions for our biosimilar Trastuzumab in the Commonwealth of Independent States (CIS), Latin America (LATAM) & Middle East North Africa (MENA) regions, during the course of this fiscal.

Semglee®, our biosimilar Insulin Glargine co-developed with Mylan, was launched in Europe during the year. For the United States, along with our partner Mylan, we have responded to the FDA Complete Response Letter (CRL) we had received for our generic Insulin Glargine application. This was done post completion of all agreed activities in support of the manufacturing site change from Bengaluru to Malaysia.

Our insulins portfolio gained market share in several emerging markets such as Malaysia, Algeria and UAE. With our brand Insugen®, we are a major player in the rh-insulin in Malaysia, holding 75% share in the local market. Our biosimilar Insulin Glargine was also launched in South Korea through a local partner under the brand name Glarzia. During the fiscal, we made several regulatory submissions for Insulin Glargine in CIS and MENA regions.

In Europe, Mylan commercialized biosimilar Adalimumab in-licensed from a third party (Fujifilm Kyowa Kirin Biologics) in which Biocon receives economic benefit.

In order to advance our market entry in Europe and certain other markets, Biocon and Mylan agreed to a commercial arrangement between Mylan and a third party (Lupin) for an advanced stage Etanercept asset. Biocon retains its economic interest in this arrangement vis-à-vis Mylan, in accordance with our existing Etanercept collaboration agreement. The marketing authorisation application (MAA) has been filed in Europe and it is under advanced stage of review.

On the clinical development front, we initiated the global Phase III clinical study for our biosimilar Insulin Aspart program, while the global Phase III trial for biosimilar Bevacizumab made good progress at various sites globally.

We continued to present high quality data emanating from clinical development studies for our biosimilar products. Biocon and Mylan presented 48-week additional data from the HERITAGE Study at the 2018 American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago, which further demonstrated that our biosimilar Trastuzumab, Ogivri™, does not have any clinically meaningful differences in terms of safety, purity and potency in comparison to the reference product, Herceptin®. In addition, data related to Mylan and Biocon's proposed biosimilar to Neulasta (pegfilgrastim) were selected for publication in conjunction with the 2018 ASCO Annual Meeting.

Biocon is committed to global standards of quality and compliance. Regular audits conducted by various global regulatory agencies and our partner keep us on our toes to maintain the highest standards that can meet global requirements. In line with that, our biologics Drug Substances and Drug Products facilities in Bengaluru and Malaysia received approvals from regulatory agencies of several emerging and developed markets, including EU GMP Certification and FDA EIR for the Drug Products facility in Bengaluru.

Apart from that we also had FDA conduct two pre-approval inspections in Bengaluru – the first pre-approval inspection was related to our application for expansion of biologic drug product fill-finish capacity with a new injectable manufacturing line. The second inspection by the FDA was of our insulin drug substance manufacturing facility triggered by a New Drug Application submitted by an insulin API customer. In both these inspections, we received observations on Form 483. Biocon has responded to the FDA with a robust plan to address the observations and is confident that the responses will be acceptable to the FDA.

Novel Molecules

Our basket of novel assets under development, represent an interesting combination of early and advanced stage programs, comprised of therapeutics that aim at treating diabetes, oncology and auto-immune/inflammatory diseases. These therapeutics span across multiple modalities-including recombinant proteins, novel fusion antibodies, monoclonal antibodies (mAbs), and small interfering RNA (SiRNA).

BIOMAb EGFR®, was India's first indigenously produced novel monoclonal antibody for the treatment of head and neck cancer, launched by Biocon in 2006. We continue to pioneer development of novel molecules, a summary of which is given in the table below:

Table 5: Lead Novel R&D Assets

Disease Area	Asset	Status
Diabetes	Insulin Tregopil* First-in-Class Oral, Prandial Insulin	India Phase II/III in T2D commenced
Immuno-Oncology	EGFR mAb + TGFßRII* (Tumor-Targeted Fusion mAb)	Preclinical
Inflammation	Itolizumab* Novel, humanized CD6 Antibody	US and Canada rights out licensed to US based Equilluim, clinical trials initiated in aGVHD
	BVX20# Novel, humanized CD20 Antibody	Path to IND mapped out
	QPI-1007$ SiRNA for ophthalmic disease	Phase III in NAION

**In-house program, # partnered with Vaccinex, $ licensed from Quark Pharma*

In diabetes, Biocon's Insulin Tregopil, is a first-in-class oral prandial insulin molecule for post-prandial glycaemic control. A pivotal Phase II/III study in Type 2 diabetes patients in India was initiated in FY18. Likewise, for Type 1 diabetes patient population, a multiple ascending dose study, earlier planned in FY19, in partnership with US based JDRF, a leading global organization funding Type 1 diabetes (T1D) research and advocacy worldwide, is expected

to commence in FY20. Preparations for the same are ongoing. The outcome of these studies in different diabetic patient populations will form the foundation of a broader global program envisioned for Insulin Tregopil.

We presented data from the Insulin Tregopil clinical program at the American Diabetes Association's (ADA) 78th Scientific Sessions held at Orlando, Florida. The pharmacokinetic-pharmacodyamic (PK-PD) data on Tregopil presented at ADA suggests an oral rapid acting insulin option for Type 2 diabetes patients.

In Immuno-oncology, Biocon is focusing on development of novel bi-functional fusion antibodies. FMab2, Biocon's lead program, which comprises EGFR and TGFß, is currently in preclinical development. This bifunctional fusion antibody works on the concept of preferentially targeting the tumor micro-environment. An Investigational New Drug (IND) filing for this molecule is planned for the United States in FY20 and the molecule is currently ready with Pharmacology and Mechanism of Action (MoA) established in in-vitro and in-vivo tumor models. The Chemistry, Manufacturing and Controls (CMC) package for the IND is also under progress. We are also using the fusion mAb platform to generate other bi-functional mAbs.

Biocon is the first global company to biologically and clinically validate CD6 as a target for autoimmune diseases. Itolizumab, our novel humanized CD6 antibody is out licensed for the United States and Canada markets to US based biotechnology company Equillium, which plans to develop the molecule to treat severe autoimmune and inflammatory disorders with high unmet medical need. These currently include acute graft-versus-host disease (aGVHD), severe asthma, and lupus nephritis (LN).

In FY19, Equillium, received approval for an IND for the molecule from the US FDA. Equillium initiated the Phase 1b/2 EQUATE trial of EQ001 for the frontline treatment of acute graft-versus-host disease (aGVHD) in the first quarter of CY19. FDA has awarded Fast Track Designation and Orphan Drug designations for both prevention and treatment of aGVHD to EQ001.

Equillium also plans to initiate a Phase 1b proof-of-concept trial, called the EQUIP trial, in Australia during the second quarter of CY19. The trial will focus on patients with uncontrolled asthma despite the use of standard of care treatments. Equillium anticipates reporting topline data from the EQUIP trial in the second half of CY2020.

Equillium further plans to initiate a Phase 1b proof-of-concept trial of EQ001 in LN in the second half of CY19 to evaluate safety, pharmacokinetics, and clinically-relevant endpoints in patients with refractory LN. As part of its early development program in LN, Equillium plans to also include the co-development and validation of the CD6-ALCAM pathway and other urinary biomarkers as part of the trial and is exploring partnership opportunities in concert with Dr. Mohan and the Lupus Research Alliance to accelerate this research and validation.

To fund the clinical trials, Equillium raised US$65 mn in its maiden public offering, and listed on Nasdaq on October 12, 2018. Post the IPO, Biocon holds a ~13.5% stake in Equillium, among other rights as part of the out licensing agreement.

QPI-1007, a novel SiRNA molecule to treat non-arteritic ischemic optic neuropathy (NAION), is based on Quark Pharma's SiRNA technology platform. Biocon has in-licensed QPI-1007 for India and related markets and intends to commercialize this molecule, once approved. QPI-1007 is currently undergoing global Phase II/III trials being conducted by Quark Pharma. The global study, which was initiated in FY17, includes patients randomized in India. Patients from India form the second highest number of enrolled subjects in the global study.

Performance of Biologics Segment in FY19 – This year saw the Biologics segment deliver an encouraging performance with the start of commercialization of the first wave of biosimilars in the developed and emerging markets. It was the strongest performing segment for Biocon, with revenues growing 97% over last year to ₹ 15,169 mn. Fulphila®, biosimilar Pegfilgrastim, witnessed encouraging acceptance in the U.S. market, and along with continued strong uptake of Trastuzumab in key emerging markets led to strong performance of this segment in FY19. Strong revenue growth led to significant improvement in segment profit margins as biosimilars in general are higher value products. This helped overcome fixed costs and higher R&D spends that had impacted segment profit margins in the previous year.

Branded Formulations (India and UAE)

Biocon's Branded Formulations business comprises products sold under the Biocon brand names in regional markets, currently in India and the UAE. This business focuses on specialty brands in critical therapies offering affordable and differentiated medicines of world-class quality to thousands of patients in India and UAE. These include biologics (including biosimilars, novel molecules and others), in-licensed products and branded generics for acute and chronic conditions. The business focuses on therapeutic areas such as metabolics (diabetes, cardiovascular), oncology, nephrology, autoimmune diseases among others. The business also focuses on scientific selling to healthcare professionals including trainings along with patient friendly initiatives in disease awareness, prevention and management.

Performance of Branded Formulations Segment in FY19 - In FY19, the Branded Formulations segment grew 7% from ₹ 6,115 mn to ₹ 6,564 mn, led by good growth in the India business, both in sales as well as profitability. The good performance in India was offset by a subdued performance of the business in UAE, which was impacted by certain product recalls, delays in drug registrations with the local health authorities and repricing of products by the Ministry of Health.

Branded Formulations India (BFI) – As a specialty products company, 70% of our overall India business is now accounted for by biologics/biosimilars products. Key brands such as Insugen®, Basalog®, Erypro™, Tacrograf™ and Psorid™ reported strong double-digit growth in FY 19.

The top 10 brands in BFI portfolio grew 15% over last year and accounted for ~78% of sales, up from 76% the previous year. Growth in five of our top ten brands, on a MAT basis, outpaced the market while CANMAb™ showed a decline due to heightened pricing pressure and hospitals driving for aggressive margins on the back of multiple Government related pricing controls on them.

Biocon is one of the strongest companies in India in the Insulins space with Basalog® ranked as the number two Insulin Glargine brand in the country and Insugen® retaining its position amongst the Top 3 brands of Recombinant Human Insulin. Basalog sales grew 34%, while Insugen sales grew 21% over last fiscal, against the covered market growth* of 17% and 13% respectively. (*IMS MAT Feb 2019). Insugen®, is the first brand in our India portfolio to cross ₹ 1,000 mn in yearly retail sales.

Our Oncotherapeutics portfolio continued to make a significant impact in the realm of cancer care in India. CANMAb™, our brand of biosimilar Trastuzumab, continues to be ranked the No. 1 Trastuzumab brand in the country, garnering a value market share of 27% (IMS TSA Feb '19). Sales

performance of BioMAb EGFR®, our novel head and neck cancer antibody, benefitted from a new Phase 3 data presentation at ASCO from a controlled trial conducted at Tata Memorial Hospital, establishing the 'best in class' status for this innovative therapy.

UAE – Our UAE branded business is supported by more than 40 brands and its sales are well diversified across a portfolio of products that include branded generics, biosimilars and in-licensed products. The business operates in cardiovascular, diabetes, respiratory, acute, oncology and gastrointestinal therapy segments in the local market. The Top 10 brands contribute around 66% of sales.

During FY 19, Biocon launched the world's first biosimilar Trastuzumab in UAE, under the brand name Canhera, aimed at providing an affordable treatment option and increase access to this medicine for patients suffering from breast cancer. The launch of Canhera represents our second biosimilar launch in the UAE market, initially having launched biosimilar Insulin Glargine under the brand name Glaricon®.

While newly launched branded generics, biosimilars and in-licensed products grew during the year, overall performance was impacted by certain product recalls, delays in drug registrations with the local health authorities and repricing of products by the Ministry of Health.

Research Services (Syngene)

The Research Services segment comprises our listed subsidiary, Syngene International Limited, a global contract research organisation (CRO) providing integrated discovery, development, and manufacturing services for small and large molecules, antibody-drug conjugates and oligonucleotides. The Company has been providing scientific services for more than 25 years. It serves over 331[8] clients across industries ranging from pharmaceutical, biotechnology, nutrition, agrochemicals, animal health, specialty chemicals and consumer goods.

Syngene's business units include Discovery Services, Dedicated R&D Centres, and Development and Manufacturing Services.

Dedicated R&D Centres: During FY19, the Dedicated R&D Centres business gained significant traction, benefitting from the expansion and extension of the multi-year agreement with Baxter Healthcare Corporation and additional revenues from the extension of collaborations, with Bristol-Myers Squibb (BMS) and Amgen achieved in FY18.

Discovery Services: This business unit grew impressively during the year, led by contract renewals, expansion of existing full-time engagement (FTE) collaborations as well as new client wins. Major highlight was the renewal of Syngene's agreement with Merck KGaA, extending their collaboration for three years until 2022. The business also added new capabilities in the large and small molecule space, including a yeast display platform for antibody discovery, sophisticated IO assays, CAR-T design and PoC experiments, cassette dosing and micro sampling for PK studies, as well as niche disease models in animals.

Development and Manufacturing Services: This vertical registered a robust performance during the year led by the Chemical Development and Biologics businesses. Production capacity and operational efficiency were enhanced with installation of advanced equipment and implementation of globally recognized 5S practices. The Company's Oral Solid Manufacturing facility cleared a US FDA inspection and its viral testing facility received the ISO 9001:2015 Certification.

The Biologics business established a National Centre for Advanced Protein Studies (CAPS) at its Bengaluru facility, to partner a start-up revolution in biotechnology in India. CAPS is funded by Biotechnology Industry Research Assistance Council (BIRAC), a government agency empowering emerging biotech enterprises in India. The Biologics vertical also expanded its process development capabilities by adding major state-of-the art equipment such as AMBR, 8-pack bioreactors and AKTA Pilot.

Syngene's upcoming active pharmaceutical ingredient (API) manufacturing facility in Mangalore will boost commercial-scale manufacturing capacities for small molecules. Statutory approvals have been received and the construction activities which began in December 2017 are on schedule and expected to be complete by end of FY20.

Performance of Research Services Segment in FY19 - During the year under review, Syngene's revenues grew 28% to ₹ 18,256 mn driven by broad based growth across three verticals - Discovery Services, Dedicated R&D Centres, and Development and Manufacturing Services. Among others, key growth drivers included additional revenue from expansion and extension of key contracts in Dedicated Centres, growth in Discovery Services led by contract renewals, new client wins and expansion of FTE collaborations and tractions in the Biologics business.

Operational Performance

Overview of the financial performance of the Company is given on the next page, which forms part of the MDA.

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8. As on March 31, 2019

Financial Performance - An Overview

CONSOLIDATED BALANCE SHEET

The following table highlights the Consolidated Balance Sheet as on March 31, 2019 (FY19) and March 31, 2018 (FY18)

Table 1, All Figures in ₹ Million

Particulars	FY19	FY18	Change
ASSETS			
Non-current assets			
Tangible and intangible assets	63,699	50,023	27%
Investment in associates and a joint venture	431	638	(32)%
Financial assets	2,495	1,357	84%
Income-tax assets (net)	1,693	1,273	33%
Deferred tax assets (net)	3,247	1,934	68%
Other non-current assets	2,131	3,186	(33)%
	73,696	**58,411**	**26%**
Current assets			
Inventories	10,316	7,225	43%
Financial assets	36,424	32,891	11%
Other current assets	1,488	1,370	9%
	48,228	**41,486**	**16%**
Total	**121,924**	**99,897**	**22%**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3,000	3,000	-
Other equity	57,980	48,808	19%
Non-controlling interests	6,089	4,677	30%
	67,069	56,485	19%
Non-current liabilities			
Financial liabilities	15,766	18,083	(13)%
Provisions and other non-current liabilities	8,713	3,916	122%
	24,479	21,999	11%
Current liabilities			
Financial liabilities	24,642	16,981	45%
Income-tax liability (net)	1,238	891	39%
Provisions and other current liabilities	4,496	3,541	27%
	30,376	**21,413**	**42%**
Total	**121,924**	**99,897**	**22%**

Non-current assets

Non-current assets grew 27%, primarily due to additions in tangible assets and capitalization of product development expenses. Additions to tangible assets pertain primarily to Biologics facility, Research Services (Syngene), Malaysian facility and other manufacturing facilities. Increase in financial assets, is a result, primarily due to fair value of investment in Equillium. Recognition of MAT credit entailment led to increase in deferred tax assets.

Other equity

Other equity majorly comprises of securities premium, treasury shares, retained earnings and other reserves. The total other equity of the company increased by 19% in FY19, due to profit accumulation during the year.

Non-controlling interests

The profit attributable to minority shareholders increased 30% in FY 19, attributable to accumulation of profits of current year.

Non-current liabilities

Non-current liabilities increased by 11% in FY19, primarily due to deferred revenue recognition in accordance with accounting standard Ind AS 115, Revenues from Contracts with Customers.

Working capital (current assets less current liabilities)

Working capital as at March 31, 2019 stood at ₹ 17,852 mn, down by 11% as compared to FY18 due to current maturities of term-loan to be repaid next fiscal year.

Debt equity

Total debt as at March 31, 2019 stood at ₹ 24,230 mn and the debt equity ratio stood at 0.40. No material changes that may affect the financial position of the Group, have occurred after the close of the year, till date of Directors' Report.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

The following table highlights key components of the statement of Profit and Loss for the fiscal years ended March 31, 2019 (FY19) and March 31, 2018 (FY18):

Table 2, All Figures in ₹ Million

Particulars	FY19	FY18	Change
Total revenue	56,588	43,359	31%
Expenses			
Cost of materials consumed	18,966	16,361	16%
Excise duty	-	63	(100)%
Employee benefit expense	11,653	9,311	25%
Finance costs	709	615	15%
Depreciation and amortization expense	4,478	3,851	16%
Other expenses	13,287	9,018	47%
Sub-total	**49,093**	**39,219**	**25%**
Less: Recovery of cost from co-development partners (net)	(2,699)	(1,747)	54%
Total expenses	**46,394**	**37,472**	**24%**
Share of profit of joint venture and associate (net)	9	213	(96)%
Profit before tax and exceptional item	**10,203**	**6,100**	**67%**
Exceptional item	1,946	-	100%
Profit before tax	**12,149**	**6,100**	**99%**
Tax expense	1,939	1,569	24%
Tax on exceptional item	184	-	100%
Profit for the year	**10,026**	**4,531**	**121%**
Non-controlling interest	973	807	21%
Profit attributable to shareholders of the Company	**9,053**	**3,724**	**143%**
Other comprehensive income attributable to shareholders	(552)	130	(525)%
Total comprehensive income attributable to shareholders of the Company	**8,501**	**3,854**	**121%**

Revenue

During the year under review, revenues grew by 31% on a consolidated basis from ₹ 43,359 mn to ₹ 56,588 mn. The Small Molecules segment revenues increased 18%, as it benefited from the launch of generic formulation products in the U.S., better product mix in APIs and an overall better pricing environment over last fiscal. The Biologics segment revenues almost doubled, primarily due to the launch of biosimilar Pegfilgrastim in the U.S. by our partner Mylan and increased sales of Trastuzumab in emerging markets. Branded Formulations segment grew 7% supported by sales growth in India while Contract Research segment (Syngene) turnover grew 28% driven by discovery services and dedicated centres.

The Total Revenue composition for FY19 and FY18 is detailed below:

Table 3

Particulars	FY19		FY18	
	(₹ mn)	(%)	(₹ mn)	(%)
Small Molecules	17,728	31	15,077	35
Biologics	15,169	27	7,702	17
Branded Formulations	6,564	12	6,115	14
Research Services	18,256	32	14,231	33
Less: Inter-segment revenue	(2,573)	(5)	(1,828)	(4)
Revenue from operations	55,144		41,297	
Other income	1,444	3	2,062	5
Total revenue	**56,588**		**43,359**	

Cost of materials consumed

Material costs for the year comprised of raw materials, packing materials, traded goods and change in inventories. In FY19, material costs, as a percentage of revenue from operations ex-licensing, decreased by ~5% as compared to FY18.

Employee benefit expenses

Our employee benefit expenses comprise the following items:

- Salaries, wages, allowances and bonuses
- Contributions to Provident Fund
- Contributions to gratuity provisions
- Amortisation of employees stock compensation expenses, and welfare expenses (including employee insurance schemes)

These expenses increased 25% in FY19, driven majorly by increased employee strength, annual increments, and employee benefit expenses.

Research and development expenses

The net R&D expenditure for FY19 increased 34% to ₹ 2,899 mn (₹ 2,158 mn in FY18). Total spend was at ~7% of revenue ex-Syngene, similar to the previous year. We capitalized ₹ 1,897 mn, taking gross R&D spend to ₹ 4,796 mn for the year compared to ₹ 3,804 mn in FY18. The gross R&D spend increased due to higher spend in the biosimilar development programs, ANDA programs and expenditures related to in-house novel programs.

Depreciation and amortization

During this fiscal, depreciation and amortization increased 16% to ₹ 4,478 mn from ₹ 3,851 mn in FY18, primarily due to capitalization of additional fill finish line for Biologics and commissioning of new facilities in Syngene.

Finance costs

The finance cost for FY19 at ₹ 709 mn, represents interest cost on borrowings for Malaysia facility, additional fill finish line for Biologics and increased borrowings in Research Services. The interest cost related to the fill finish facility and Syngene capex was capitalized until FY18.

Tax expenses

Tax expenses for the fiscal stood at ₹ 2,123 mn, in comparison to ₹ 1,569 mn in FY18. The decrease in effective tax rate in FY19 is primarily due to 35(2AB) benefits on R&D expenditure and some benefit from the carry-forward losses in Biocon Biologics UK, which turned profitable in FY19.

Exceptional items (net)

The Exceptional items during the previous year (FY19) comprised the following:

During the year ended March 31, 2018, the Group, had accounted for 19.5% equity investment in Equillium Inc. as an associate. During the year ended March 31, 2019, Equillium initiated its initial public offering (IPO) process and consequently made changes to its Board composition, which resulted in loss of significant influence over the investee. In accordance with Ind AS 28: Investments in Associates and Joint Ventures, the Company fair valued its investment on the date of loss of significant influence and the anti-dilutive rights on the date of IPO which resulted in a gain of ₹ 1,762 mn, net of tax expenses of ₹ 184 mn for the year ended March 31, 2019, which has been disclosed as an exceptional item in the consolidated financial statements. The Group, going forward has designated its investment in equity of Equillium to be accounted for at fair value through other comprehensive income (FVOCI). Equillium completed its IPO and listed on NASDAQ on October 12, 2018.

Other comprehensive income

Other comprehensive income includes re-measurement gains/losses on defined benefit plans, gains/losses on hedging instruments designated as cash flow hedges and exchange differences on translation of foreign operations, gains/losses on fair value of investment in equity through FVOCI. The decrease is primarily due to lower gains on hedging instruments in FY19 as compared to the previous year and loss on fair value of investment in equity of Equillium.

Key financial ratios

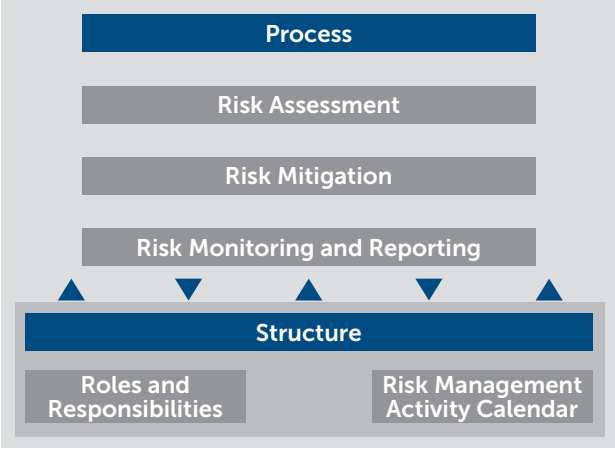
Particulars	FY19	FY18	Change
Debtors turnover	3.83	3.69	4%
Inventory turnover	2.97	3.55	(16%)
Interest coverage ratio	19.17	16.59	16%
Current ratio	1.59	1.94	(19%)
Debt equity ratio	0.40	0.44	(9%)
Operating profit margin (%)#	19%	15%	25%
Net profit margin (%)*	13%	9%	50%
Return on net worth*^	13%	7%	74%

 # Operating margin is defined as profit before taxes and interest
**Net Profit for FY19 before exceptional income and tax thereon*
^ Improvement in operating profit margin, net profit margin and return on net worth due to growth from biologics

Risks, Threats and Concerns

Risk is a potential event or non-event, the occurrence or non-occurrence of which, can adversely affect the objectives or strategy of the Company or result in opportunities being missed. A risk could be categorized into financial, operational, strategic, regulatory/ statutory, reputational, political, catastrophic etc.

Our risk management process



Risk management is a structured, consistent and continuous process across the entire organization for identifying, assessing, deciding on responses to and reporting on opportunities and threats that may affect the achievement of its objectives.

Risk management does not aim at eliminating the risks, as that would simultaneously eliminate all chances of rewards/opportunities. Instead it is focused at ensuring that these risks are known and addressed through a pragmatic and effective risk management process.

The risk management process at Biocon consists of the following three steps:

1. Risk assessment
2. Risk mitigation
3. Risk monitoring and reporting

An effective risk management process entails these three steps being aligned with regular operations of the enterprise to ensure relevant and timely reporting and action on all risks which the organization faces. In the process of risk assessment, the risks which the organization faces from time to time gets identified and prioritized.

Risk mitigation is the process of initiating responsive action for managing the key risks which the organization faces and restricting them at a tolerable level. The entire process can be broken down into "4T":

1. Treat (Mitigation)
2. Terminate
3. Transfer
4. Take (Acceptance)

The risk monitoring and reporting process is aimed at assuring the management that risks have been adequately identified and prioritized and significant risks are well managed. The Risk Committee reviews the critical risks, gross exposure, mitigation action status and their net exposure on a periodic basis.

The global pharma industry due to the nature of business carried out is potentially exposed to inherent risks such as product safety & quality issues, intellectual property tangles, inappropriate marketing practices etc. thereby leading to penalties, product recalls, brand loss and revenue loss. The regulatory landscape of the international pharma industry is complex and dynamic. The primary industry driver is patient health and safety even as regulatory approach to patient protection may vary from market to market. Besides rapid change what also impacts the industry landscape is increased scrutiny, sophisticated risk-monitoring techniques and coordination across agencies & regions. In such a context, it is imperative to respond with a holistic risk mitigation framework.

The Company is committed to conducting business in accordance with all applicable statutory laws and regulations, and pursuing its core organizational values. Our established risk management framework addresses financial, operational, strategic, regulatory/statutory, reputational, political, catastrophic risks that are inherent to the pharma business and impact our strategic goals. Risk management, coupled with a robust internal control framework, help the Company emphasize qualitative consistency, employee safety and long-term sustainability.

The global pharma business is marked by a variety of risks. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programs. The digitization and proliferation of electronic medical records, networked medical devices, mobile health applications, cloud-based technologies

and data-sharing among industry stakeholders have increased the complexity of managing information assets, particularly protected/patient health information and intellectual property. The success of new products in the global pharmaceutical industry will more than offset global pricing pressures, supporting an outlook change from stable to positive for the industry.

Although the comprehensive eradication of risks associated with the business of the Company is unfeasible, constant efforts are made to analyze their potential impact, assess the changes to risk environment and define actions to mitigate their adverse impact. The Company has implemented a precise methodology entailing the timely identification, analysis and assessment of risks and their potential consequences, formulation of specific mitigation strategies and seamless execution. An enterprise-wide risk evaluation and validation process is conducted regularly and reviewed by the Risk Committee and Board of Directors.

In addition to the above, the key risks relating to our current operations, which we believe could cause our actual results to differ materially from expected and historical results, include human capital risk such as loss of key personnel, timely non-replenishment of critical vacant roles with the apt skillset, concentration or reliance on third party sole suppliers or service providers including regional supplier reliance, risk of our R&D programs failing or not getting completed in a timely manner, risk of non-adherence to good manufacturing practices on an ongoing basis, risk arising out of strategic co-development arrangements with a partner, disruption of operations or loss of information from natural disasters, risk arising out of strategic projects where significant investments are made, foreign exchange fluctuations, changing global political and regulatory landscape, continued adherence to environment & safety related requirements, critical information loss or cyber-attacks, losses due to treasury activities, failure to report accurate financial information in compliance with accounting standards and applicable legislation, change in Company strategy amongst others.

Internal Controls

The Company is responsible for establishing and maintaining adequate and effective internal controls and the preparation & presentation of financial statements, including assertions on the internal financial controls in accordance with a broad criteria that it has set for itself.

A robust, comprehensive internal control system is a prerequisite for an organization to function ethically which is commensurate with its abilities and objectives. We have established a strong internal control system for the Company, which is comprised of policies, guidelines and procedures adopted by the Company to ensure the orderly and efficient business conduct, including adherence to policies, asset safeguarding, fraud cum error prevention & detection, accounting records accuracy & completeness, and the timely preparation and presentation of reliable financial information.

This internal control system is aimed at providing assurance of our operational effectiveness and efficiency, compliance with laws & regulations, asset safeguarding & reliability of financial and management reporting.

The Company is staffed by experienced qualified professionals who play an important role in designing, implementing, maintaining and monitoring the internal control environment.

An independent firm of Chartered Accountants performs periodic internal audits to provide a reasonable assurance of internal control effectiveness and advises the Company on industry-wide best practices. The Risk Committee, consisting of Independent Directors, reviews important issues raised by the internal and statutory auditors on a regular basis and status of rectification measures to ensure that risks are mitigated appropriately on a timely basis.

Outlook

FY19 witnessed a robust growth in revenues led by our biosimilars business which also contributed to the significant margin expansion over FY18. We expect the growth momentum across our business segments to continue in FY20 especially driven by biosimilar launches in the US in the latter part of the year. We expect to sustain the healthy core EBITDA margins witnessed in FY19. We will continue ramping up our R&D investments to support our growing pipeline of biosimilars, novel assets and generics to secure our future growth. We intend to complete the organizational restructuring and strengthening of the human resource required to fully operationalize Biocon Biologics and Bicara Therapeutics as distinct entities with the intent to unlock value in biosimilars and novel immuno-oncology assets respectively in future. Despite a short term impact on costs, we believe that these investments along with the expansion of our manufacturing and R&D infrastructure will position us to be a leading player in providing affordable access to patients globally.

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Corporate **Governance Report**

For the year ended March 31, 2019

I. Company's philosophy on Code of Governance

Biocon Limited ("Biocon" or "the Company") believes that good Corporate Governance emerges from the application of the best management practices and compliance with the law coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters.

Biocon also believes that sound corporate governance is critical to enhance and retain investor trust. Hence Biocon's business policies are based on ethical conduct, health, safety and a commitment to building long term sustainable relationships with relevant stakeholders. The Company continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and Management levels.

At Biocon, we also consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. All Bioconites are committed to a balanced corporate governance system, which provides the framework for achieving the Company's objectives encompassing practically every sphere of management, from action plans and internal controls to corporate disclosures.

Your Company is not only in compliance with the requirements stipulated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR") as amended from time to time, with regard to corporate governance, but is also committed to sound corporate governance principles and practice and constantly strives to adopt emerging best corporate governance practises being followed worldwide.

A report on compliance with corporate governance principles as prescribed under the SEBI LODR is given below.

II. Board of Directors

As on March 31, 2019 the Board of Directors comprised of eleven members. Ms. Kiran Mazumdar Shaw is the Chairperson & Managing Director of your Company.

The other Executive Members of the Board as at March 31, 2019, are Dr. Arun S. Chandavarkar, Chief Executive Officer & Joint Managing Director. Prof. Ravi Mazumdar and Mr. John Shaw are Non-Executive Non-Independent Directors. During the financial year under consideration, Mr. Bobby Kanubhai Parikh was appointed as an Independent Director of the Company at the Annual General Meeting held on July 27, 2018 to hold office for a term of three years. The other seven Directors of the Company, as detailed in the following table titled 'Composition of the Board', are Independent Directors.

The Company's day to day affairs are managed by a competent management team under the overall supervision of the Board. The Board is committed to representing the long term interests of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgement on the affairs of the Company.

The Directors are appointed based on their qualifications and experience in relevant fields. At the time of induction of a Director, a formal invitation to join the Board is sent and a Directors handbook comprising a compendium of the role, powers and duties to be performed is handed over to the new Director. The Independent Directors annually provide a certificate of Independence, in accordance with the applicable laws, which is taken on record by the Board. All Board members are encouraged to meet and interact with the management. Board Members are invited to key meetings to provide strategic guidance and advice.

A. Composition of the Board

The Composition of the Board of your Company is in conformity with the SEBI LODR. The names and categories of Directors, the number of Directorships and committee positions held by them are given below.

None of the Directors is a Director in more than eight listed companies. Further, none of the Directors is an Independent Director in more than seven listed companies or three listed companies in case he/she serves as a Managing Director or Whole-time Director in any listed company.

Ms. Mary Harney is an Independent Woman Director on the Board of Directors of the Company.

None of the Directors on the Board are a member of more than 10 committees and a chairperson of more than 5 committees, across all public limited companies in which he/she is a Director.

Name of the Director	Category	Directors Identification Number	Total Number of Directorships, Committee Chairpersonships and Memberships of Public Limited Companies* as on March 31, 2019			Name of Listed Entities Including this Listed Entity	Category of Directorship
			Directorships[$]	Committee Chairpersonships^	Committee Memberships		
Ms. Kiran Mazumdar-Shaw[#]	Promoter & Executive	00347229	8	2	2	Biocon Limited	Chairperson & Managing Director
						Syngene International Limited	Chairperson & Managing Director
						Infosys Limited	Non-Executive Independent
						Narayana Hrudayalaya Limited	Non-Executive Independent
						United Breweries Limited	Non-Executive Independent
Mr. John Shaw[#]	Promoter & Non-Executive	00347250	4	-	2	Biocon Limited	Non-Executive
						Syngene International Limited	Non-Executive
Dr. Arun S Chandavarkar	Executive	01596180	4	-	2	Biocon Limited	Executive
Prof. Ravi Mazumdar[#]	Promoter & Non-Executive	00109213	1	-	1	Biocon Limited	Non-Executive
Mr. Russell Walls	Independent	03528496	3	1	4	Biocon Limited	Non-Executive Independent
						Syngene International Limited	Non-Executive Independent
Ms. Mary Harney	Independent	05321964	1	-	-	Biocon Limited	Non-Executive Independent
Mr. Daniel M. Bradbury	Independent	06599933	1	1	2	Biocon Limited	Non-Executive Independent
Dr. Vijay K Kuchroo	Independent	07071727	2	-	-	Biocon Limited	Non-Executive Independent
						Syngene International Limited	Non-Executive Independent
Dr. Jeremy M Levin	Independent	07071720	1	-	1	Biocon Limited	Non-Executive Independent
Mr. M Damodaran	Independent	02106990	6	4	9	Biocon Limited	Non-Executive Independent
						Interglobe Aviation Limited	Non-Executive Independent
						Hero Motocorp Limited	Non-Executive Independent
						CRISIL Limited	Non-Executive Independent
						Larsen & Toubro Limited	Non-Executive Independent
						Tech Mahindra Limited	Non-Executive Independent
Mr. Bobby Kanubhai Parikh	Independent	00019437	6	-	6	Biocon Limited	Non-Executive Independent
						Indostar Capital Finance Limited	Non-Executive Independent

*Excludes private limited companies, foreign companies, companies registered under Section 8 of the Companies Act, 2013 and Government Bodies

[$] Includes Additional Directorships and Directorship in Biocon Limited

^ Committees considered are Audit Committee and Stakeholders Relationship Committee, including that of Biocon

[#] Ms. Kiran Mazumdar Shaw, Chairperson & Managing Director is the spouse of Mr. John Shaw, Vice Chairman and Non-Executive Director and sister of Prof. Ravi Mazumdar, Non-Executive Non-Independent Director

During the financial year under review, there has been no resignation of any Independent Director before the completion of his/ her tenure.

Mr. Russell Walls, Independent Director of the Company attained the age of 75 years during the financial year under review. Continuation of Directorship of Mr. Russell Walls was approved by the Members of the Company vide a special resolution passed at the meeting of the Members of the Company by Postal Ballot on March 11, 2019.

B. Board Procedure

Detailed agenda is sent to each Director at least 7 days in advance of Board and Committee meetings. All material information is incorporated in the agenda along with supporting documents and relevant presentations. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. To enable the Board to discharge its responsibilities effectively, the Chairperson presents during each Board Meeting, the overall performance of the Company.

The Board reviews strategy and business plans, annual operating plans and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Board also reviews major legal issues, minutes of meeting of various committees of the Board and subsidiary companies, significant transactions and arrangements entered into by the subsidiary companies, approval of financial results and statements, transactions pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring details of any joint ventures or collaboration agreement, material defaults, if any, in financial obligations, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public product liability, claims of substantial nature.

The Company Secretary records Minutes of the proceedings of each Board and Committee meeting. Draft Minutes are circulated to Board /Committee Members within 15 days from the meeting for their comments. Directors communicate their comments (if any) in writing on the draft minutes within seven days from the date of circulation. The Minutes are entered in the Minute Books within 30 days from the conclusion of the Meeting and signed by the Chairperson at the subsequent meeting. The copy of the signed Minutes, certified by the Company Secretary or in his absence by any Director authorised by the Board, are circulated to all Directors within fifteen days of their signing.

The guidelines for Board and Committee Meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/Committee Meetings are promptly communicated to the concerned departments/ divisions. Action Taken Report on decisions/Minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/Committee for noting.

Apart from Board Members and the Company Secretary, the Board and Committee Meetings are also attended by the Chief Financial Officer and wherever required by the heads of various corporate functions.

C. Number of Board meetings, attendance of the Directors at meetings of the Board and the Annual General Meeting ("AGM")

During the financial year under review, six Board Meetings were held on the following dates – April 26, 2018, July 26, 2018, September 3, 2018, October 25, 2018, January 7, 2019 and January 24, 2019. The Board met at least once in every calendar quarter and the gap between two meetings did not exceed one hundred and twenty days. These meetings were well attended. The 40th Annual General Meeting of the Company was held on July 27, 2018.

The attendance of the Directors at these meetings is as mentioned in the table below:

Directors	No. of Board Meetings Held During FY 18-19	No. of Board Meetings Attended	Attendance at the 40th AGM
Ms. Kiran Mazumdar Shaw	6	6	Yes
Mr. John Shaw	6	4	Yes
Dr. Arun S Chandavarkar	6	5	Yes
Prof. Ravi Mazumdar	6	5	Yes
Mr. Russell Walls	6	4	Yes
Ms. Mary Harney	6	6	No
Mr. Daniel M Bradbury	6	6	No
Dr. Vijay K Kuchroo	6	6	Yes
Dr. Jeremy M Levin	6	5	Yes
Mr. M Damodaran	6	4	No
Mr. Bobby Kanubhai Parikh	6*	3	Yes

*Mr. Bobby Kanubhai Parikh was appointed as a Non-Executive Independent Director with effect from July 26, 2018 and was entitled to attend 4 out of the 6 meetings held during the FY 2018-19.

D. Shareholding of Non-Executive Directors

The details of Company's shares held by Non-Executive Directors as on March 31, 2019 are given below:

Directors	No. of shares held as on March 31, 2019
Mr. John Shaw	42,22,674
Prof. Ravi Mazumdar*	22,95,042
Mr. Russell Walls	NIL
Ms. Mary Harney	NIL
Mr. Daniel M Bradbury	NIL
Dr. Vijay K. Kuchroo	NIL
Dr. Jeremy M Levin	NIL
Mr. M Damodaran	NIL
Mr. Bobby Kanubhai Parikh	NIL

*Joint holding with spouse

E. Meeting of the Independent Directors

The Independent Directors of your Company met once on April 25, 2019 without the presence of Non-Independent Directors and Members of the management. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to inter alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors, assess the quality, quantity and timeliness of flow of information between the Company management and the Board, that is necessary for the Board to perform their duties effectively and reasonably.

The evaluation of Independent Directors is done by the entire Board of Directors of the Company which includes:

- Performance of such directors; and
- Fulfilment of the Independence criteria and their Independence from the management

F. Details of familiarization program imparted to Independent Directors

During the year, the Independent Directors were apprised at frequent intervals on the industry trends, business model and the overview of the Company and its operations by the senior management team. Further, various business unit heads made presentations to the Independent Directors at periodic intervals on the performance and future strategy of their respective business units. The Independent Directors were also regularly apprised of all regulatory and policy changes including their roles, rights and responsibilities. Presentations on internal control over financial reporting, operational control over financial reporting, Prevention of Insider Trading Regulations, SEBI LODR, framework for Related Party Transactions etc. were made to the Board Members during the year.

The Company's familiarization policy and the details of programs attended and hours spent by Independent Directors during the financial year 2018-19 is available on the Company's website www.biocon.com at the following path: Investors > Policies and Key Governance Documents > Familiarisation Policy.

G. Key expertise of the Board of Directors

The Board of Directors of your Company comprises of qualified and proficient Members who bring appropriate expertise and competence enabling them to make effective contribution to the Board and its committees.

Below are the key skills/expertise/competence identified by the Board of Directors:

- Strategic vision
- Leadership
- Industry knowledge
- Corporate governance
- Research and innovation
- Financial analysis and reporting
- Digital perspective
- Global landscape
- Risk management
- Social and regulatory framework
- Human capital and integrity
- Science and technology

Declaration by the Board

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/ she meets the criteria of independence in accordance with the provisions of the Companies Act, 2013 and the SEBI LODR. In the opinion of the Board, the Independent Directors fulfil the conditions specified in these sections and regulations and are independent of the management. The Board further informs that there is no resignation of an Independent Director during the financial year 2018-19.

III. Committees of the Board

The Board has constituted various committees to focus on specific areas and to make informed decisions within their authority. Each committee is directed by its charter which outlines their scope, roles, responsibilities and powers. All the decisions and recommendations of the committee are placed before the Board for their approval. The Company's guidelines relating to Board Meetings are applicable to committee meetings as far as practicable. Each committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functions. Senior officers/ function heads are invited to present various details called for by the committee at its meeting.

Committees of the Board are as under:

A. Audit and Risk Committee *

B. Risk Management Committee *

C. Stakeholders Relationship Committee

D. Corporate Social Responsibility Committee

E. Nomination and Remuneration Committee

* At the meeting of the Board held on January 24, 2019, the Board separated the risk function of the Audit and Risk Committee by constituting a separate Risk Management Committee of the Board. Previously, the Audit and Risk Committee also acted as Risk Management Committee. Consequently, the Audit and Risk Committee was renamed as Audit Committee. There were no meetings of the Risk Management Committee held during the financial year.

A. Audit and Risk Committee

I. Brief description of terms of reference

The powers, role and terms of reference of the Audit and Risk Committee ("ARC") are in line with the provisions of the Act and the SEBI LODR. The ARC discharges such duties and functions generally indicated under the SEBI LODR, the Companies Act, 2013 and such other functions as may be specifically assigned to it by the Board from time to time. The ARC meets at least once in a calendar quarter.

The Company has put in place an enterprise wide risk management framework which was overseen by the Audit and Risk Committee. This holistic approach provides the assurance that, to the best of its capabilities, the Company and all its business units identify, assess and mitigate risks that could materially impact its performance in achieving the stated objectives. The ARC ensures that the Company is taking appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities, reviews strategic decisions of the Company and on regular basis reviews the Company's cyber security, including portfolio of risks considering it against the Company's risk appetite. The ARC also recommends changes as appropriate to the risk management technique and/or associated frameworks, processes of the Company.

Pursuant to the constitution of the Risk Management Committee of the Board of Directors effective January 24, 2019, the risk management framework will be overseen by the Risk Management Committee. Consequently, the ARC was renamed as Audit Committee.

II. Composition

The following Directors are members of the ARC:

1. Mr. Russell Walls, Chairman
2. Mr. Daniel M Bradbury
3. Dr. Jeremy M Levin
4. Mr. M. Damodaran
5. Mr. Bobby Kanubhai Parikh

All members of the ARC are Independent Directors. The ARC members possess sound knowledge of accounts, finance, audit, governance and legal matters.

Senior staff from Accounts/Finance Department and representatives of Statutory and Internal Auditors attend all Audit and Risk Committee meetings. The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit and Risk Committee, Mr. Russell Walls was present at the previous Annual General Meeting of the Company held on July 27, 2018.

III. Meeting and attendance during the year

During the financial year, four meetings of the Audit and Risk Committee were held. The dates of the meetings were April 26, 2018, July 26, 2018, October 25, 2018 and January 24, 2019. The attendance of the Members in the meetings are as follows:

Members	No. of Meetings	
	Held	Attended
Mr. Russell Walls	4	4
Mr. Daniel M Bradbury	4	4
Mr. Jeremy M Levin	4	1
Mr. M. Damodaran	4	4
Mr. Bobby Kanubhai Parikh*	4	2

* Appointed to the Audit and Risk Committee with effect from July 26, 2018 and was entitled to attend 2 out of 4 meetings

The ARC, as a good governance practice, also meets external auditors, internal auditors and the Chief Financial Officer of the Company in private, to understand their independent opinion on the performance of the Company.

B. Risk Management Committee

I. Brief description of terms of reference

The Risk Management Committee ("RMC") was constituted by the Board of Directors at their meeting held on January 24, 2019.

The terms of reference of the RMC are in line with the provisions of the Act and the SEBI LODR. No meetings of the RMC were held during the financial year under review.

The scope of the RMC is to assist the Board of Directors in timely identification, assessment and mitigation of risks (i.e. financial, operational, strategic, regulatory, statutory, reputational, political, catastrophic and others) faced by the Company.

The Committee also approves and oversees a Company-wide risk management framework, capable of effectively addressing these risks.

II. Composition

The following Directors are members of the RMC:

1. Mr. Russell Walls, Chairman
2. Mr. Daniel M Bradbury
3. Dr. Jeremy M Levin
4. Mr. M Damodaran
5. Mr. Bobby Kanubhai Parikh
6. Ms. Kiran Mazumdar Shaw
7. Dr. Arun S Chandavarkar

Majority of the members of the RMC are Non-Executive Directors and over half of its composition is made up of Independent Directors.

III. Meeting and attendance during the year

As the RMC was constituted on January 24, 2019, no meetings of the RMC were held during the financial year.

C. Stakeholders Relationship Committee

I. Brief Description of the terms of reference

The terms of reference of the Stakeholders Relationship Committee ("SRC") are in line with the provisions of the Act and the SEBI LODR.

The SRC is primarily responsible for redressal of shareholders'/ investors'/ security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports, etc.

II. Composition

The following Directors are members of the Committee:

1. Mr. Daniel M Bradbury, Chairman
2. Mr. Russell Walls
3. Prof. Ravi Mazumdar
4. Mr. Bobby Kanubhai Parikh

All members of the SRC are Non-Executive Directors and majority are independent. Mr. Satish Kumar SS was the Company Secretary & Compliance Officer upto March 15, 2019. Effective March 15, 2019, Mr. Siddharth Mittal, Chief Financial Officer was appointed as interim Compliance Officer of the Company.

III. Meetings and attendance during the year

During the financial year, the SRC met four times on April 26, 2018, July 26, 2018, October 25, 2018 and January 24, 2019. The attendance of the Members in the meetings are as follows:

Members	No. of Meetings	
	Held	Attended
Mr. Daniel M Bradbury	4	4
Mr. Russell Walls	4	4
Prof. Ravi Mazumdar	4	4
Mr. Bobby Kanubhai Parikh*	4	2

* Mr. Bobby Kanubhai Parikh was appointed to the Stakeholders Relationship Committee on July 26, 2018 and was entitled to attend 2 out of the 4 meetings held

During the financial year, 98 complaints were received from investors and were resolved to their satisfaction. As on March 31, 2019 there were no outstanding complaints from the investors. The quarterly statement on investor complaints received and disposed off are filed with Stock Exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

D. Corporate Social Responsibility Committee

I. Brief description of terms of reference

The terms of reference of the CSR Committee ("CSRC") are in line with the provisions of Section 135 of the Companies Act, 2013.

The CSRC's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating, monitoring and implementing a framework in line with the Corporate Social Responsibility Policy of the Company.

During the financial year under review, the CSR policy was amended to incorporate the following key changes:

a) Areas of CSR activity (as per the Companies Act, 2013) were expanded and divided into:

i. Core areas; and

ii. Other areas

b) Provisions included to enable the Company to execute the activities directly or via implementing agencies (i.e. Biocon Foundation, Biocon Academy or any other third party to accomplish the objective of the CSR Policy of the Company).

II. Composition

All members of the CSRC are Non- Executive Directors with majority being Independent.

1. Ms. Mary Harney, Chairperson
2. Dr. Vijay K Kuchroo
3. Prof. Ravi Mazumdar

III. Meeting and attendance during the year

During the year, the CSRC met thrice on April 26, 2018, July 26, 2018 and January 24, 2019. The attendance of the Members in the meetings are as follows:

Members	No. of Meetings	
	Held	Attended
Ms. Mary Harney	3	3
Dr. Vijay K. Kuchroo	3	3
Prof. Ravi Mazumdar	3	3

E. Nomination and Remuneration Committee

I. Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee ("NRC") are in line with the provisions of the Act and the SEBI LODR.

The NRC has been vested with the authority to, inter alia, recommend nominations for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company, establish criteria for selection of Board Members with respect to competencies, qualifications, experience, track record, integrity, devise appropriate succession plans and determine overall compensation policies of the Company.

The scope of the NRC also includes review of the market practices and decide on remuneration packages to the Executive Director(s), lay down performance parameters for the Chairperson & Managing Director, the Executive Director(s), Key Managerial Personnel and Senior Management and review the same.

In addition to the above, the NRC's role includes identifying persons who may be appointed to a senior management position in accordance with the criteria laid down, recommending to the Board their appointment and removal.

The NRC also formulates the criteria for determining qualifications, positive attributes and independence of a Director and recommends to the Board periodically, policies relating to the remuneration of Directors, Key Managerial Personnel and Senior Management.

The NRC also carries out a separate exercise to evaluate the performance of individual Directors. Feedback is sought by way of structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, Board culture, execution & performance of specific duties, obligations and governances. Performance evaluation is carried out based on the responses received from all Directors.

The performance evaluation of Independent Directors is based on various criteria including experience & expertise, independent judgement, ethics & values, adherence to the corporate governance norms, interpersonal relationships, attendance and contribution at meetings, amongst others.

II. Composition

The following Directors are members of the NRC:

1. Ms. Mary Harney, Chairperson
2. Dr. Vijay K Kuchroo
3. Prof. Ravi Mazumdar
4. Ms. Kiran Mazumdar Shaw

Majority of the members of the NRC are Non-Executive Directors and half of its composition is made up of Independent Directors.

III. Meeting and attendance during the year

The NRC met six times during the year, on April 26, 2018, July 26, 2018, September 3, 2018, October 25, 2018, January 7, 2019 and January 24, 2019. The attendance of the Members in the meetings are as follows:

Members	No. of Meetings	
	Held	Attended
Ms. Mary Harney	6	6
Dr. Vijay K Kuchroo	6	6
Prof. Ravi Mazumdar	6	5
Ms. Kiran Mazumdar Shaw	6	6

IV. Remuneration of Directors

A. Remuneration Policy

Your Company has a well-defined policy for remuneration of the Directors, Key Management Personnel and Senior Management. The policy is furnished on the Company's website www.biocon.com at the following path: investors > Policies and key Governance Documents > Remuneration Policy.

The elements of remuneration package of the Executive Directors include fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowance, reimbursement of expenses etc., as applicable to employees of the Company. The Executive Directors are employees of the Company and are subject to service conditions as per the Company policy, which is three months' notice period, or such period as mutually agreed upon. There is no provision for payment of severance fees to Executive/ Non- Executive Directors. Independent Directors are paid remuneration in the form of commission, apart from the sitting fees and are not subject to any notice period and severance fees.

B. Remuneration to Executive Directors

The shareholders, at their 37th AGM held on July 24, 2015, appointed Ms. Kiran Mazumdar Shaw as the Chairperson & Managing Director for a period of five years effective April 01, 2015 on certain terms & conditions, including her remuneration subject to a limit of 5% of the net profits of the Company. The remuneration includes fixed & variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites & allowances, reimbursement of expenses, etc. as applicable to employees of the Company.

Dr. Arun S. Chandavarkar was appointed as the CEO & Joint Managing Director for a period of five years effective April 24, 2014, by the shareholders at their 36th AGM on certain terms & conditions, including his salary comprising of fixed & variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites & allowances, reimbursement of expenses, etc., as applicable to employees of the Company.

The details of remuneration of Directors for the year ended March 31, 2019 are given below:

Amount in ₹ Million

Directors	Salary and Perquisites			Others		
	Fixed Pay & Bonus	Perquisites^	Retiral Benefits	Commission*	Sitting Fees	Total
Ms. Kiran Mazumdar Shaw	26.67	0.03	1.39	-	-	28.09
Mr. John Shaw	-	-	-	1.15	0.40	1.55
Dr. Arun S. Chandavarkar	36.73	0.03	1.51	-	-	38.27
Prof. Ravi Mazumdar	-	-	-	3.01	0.50	3.51
Mr. Russell Walls	-	-	-	4.32	0.50	4.82
Ms. Mary Harney	-	-	-	3.54	0.60	4.14
Mr. Daniel M Bradbury	-	-	-	3.39	0.60	3.99
Dr. Vijay K Kuchroo	-	-	-	3.31	0.60	3.91
Dr. Jeremy M Levin	-	-	-	2.84	0.60	3.44
Mr. M.Damodaran	-	-	-	2.23	0.40	2.63
Mr. Bobby Kanubhai Parikh	-	-	-	1.86	0.40	2.26

^Perquisites valued as per Income -Tax Act, 1961

Dr. Arun S. Chandavarkar was granted 76,500 Restricted Stock Units (RSUs) the Company's subsidiary, Syngene International Limited in April 2015 at nil exercise price, which doesn't form part of his remuneration shown above. RSUs shall vest over a period of 4 years from the date of grant. During the year 2018-19, 22,950 RSUs were exercised by Dr. Arun S. Chandavarkar.

No options under the Company's ESOP plan were granted to Executive/Non-Executive Directors during the financial year.

The aggregate remuneration payable to all Executive Directors, who are promoters or members of the promoter group, does not exceed 5% of the net profits of the Company.

V. General Body Meetings

A. Annual General Meetings

The date, time location of Annual General Meetings held during the last three years and the special resolutions passed thereat are as follows:

Year	Date and Time	Venue	Special Resolution(s) Passed
2015-16	June 30, 2016 at 4.00 p.m.	Tyler Jack's Auditorium, Biocon Research Centre, Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road, Bengaluru – 560 099	1. Approval of new grants under the Company's ESOP plan
2016-17	July 28, 2017 at 4.00 p.m.	Tyler Jack's Auditorium, Biocon Research Centre, Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road, Bengaluru – 560 099	1. Re-appointment of Mr. Russel Walls as Independent Director for Five Years 2. Appointment of Ms. Mary Harney as an Independent Director for Five Years 3. Appointment of Mr. Daniel M. Bradbury as Independent Director for Five Years
2017-18	July 27, 2018 at 3:30 p.m.	Tyler Jack's Auditorium, Biocon Research Centre, Plot No. 2, Biocon Special Economic Zone, Bommasandra-Jigani Link Road, Bengaluru – 560 099	1. Re-appointment of Dr. Jeremy Levin as an Independent Director for five years 2. Re-appointment of Dr. Vijay Kuchroo as an Independent Director for five years

I. Special Resolutions Passed through Postal Ballot

During the financial year ended March 31, 2019 one postal ballot was held between February 10, 2019 to March 11, 2019 for passing the following resolutions:

- 2 Ordinary Resolutions
- 2 Special Resolutions

The details of the same are provided below:

Sl. No.	Special/Ordinary Resolution Passed	Voting Details							
		No. of shares	No. of Votes Polled	% of Votes Polled on Outstanding Shares	Votes cast in Favour		Votes cast Against Votes		Date of Declaration of Results
					No. of Votes	%	No. of Votes	%	
1.	Alteration of the Articles of Association (S)	600,000,000	498,944,315	83.16	495,555,657	99.32	3,388,658	0.68	March 13, 2019
2.	Approval for payment of Remuneration to Non-Executive Non-Independent Directors by way of Commission (O)	600,000,000	132,608,889	22.10	132,580,186	99.98	28,703	0.02	March 13, 2019
3.	Approval for payment of Remuneration to Independent Directors by way of Commission (O)	600,000,000	498,180,901	83.03	498,150,976	99.99	29,925	0.01	March 13, 2019
4.	Approval for continuation of Directorship of Mr. John Russell Fotheringham Walls as a Non-Executive Independent Director attaining the age of 75 years before March 31, 2019, till the conclusion of the 41st Annual General Meeting to be held in 2019 (S)	600,000,000	498,251,059	83.04	498,142,050	99.98	109,009	0.02	March 13, 2019

(S) signifies Special Resolution and (O) signifies Ordinary resolution

Person who conducted the Postal Ballot Process

Mr. Pradeep B Kulkarni (FCS 7260; CP 7835), Practicing Company Secretary and Partner of M/s. V. Sreedharan & Associates, Company Secretaries, Bengaluru, was appointed as scrutinizer to conduct the Postal Ballot process.

None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of special resolution through postal ballot.

II. Procedure for Postal Ballot

In compliance with the provisions of the Companies Act, 2013, read with appropriate rules made thereunder, the Company provides electronic voting (e-voting) facility to all its Members. The Company engages the services of Karvy Fintech Private Limited (KARVY), the Registrar and Share Transfer Agents of the Company for the purpose of providing e-voting facility to all its Members. They have the option to vote either by physical ballot or through e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members in the electronic form to the email addresses registered with their depository participants and to their registered addresses (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairperson, after the completion of scrutiny and the consolidated results of voting by postal ballot are then announced by the Chairperson/any Director of the Company/Company Secretary. The results are also displayed on the Company's website, www.biocon.com, besides being communicated to the Stock Exchanges, Depositories & Registrar and Share Transfer Agent. The date of declaration of Postal Ballot shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.

B. Means of Communication

I. Quarterly financial results

The quarterly financial results are normally published in Financial Express and Vijayavani (Kannada edition) newspapers and are also displayed on Company's website www.biocon.com

II. News Releases, Presentations

Official news/press releases are sent to the Stock Exchanges and are displayed on the Company's website www.biocon.com

III. Presentations to Institutional Investors/ Analysts

Presentations are made to institutional investors and financial analysts on quarterly financial results of the Company. These presentations are also uploaded to the Company's website www.biocon.com and are sent to Stock Exchanges. The schedule of meetings with institutional investors/financial analysts are intimated in advance to the Stock Exchanges and disclosed on Company's website.

IV. Website

The Company's website www.biocon.com contains a separate and dedicated section "Investors" where shareholder information is available. Information such as press releases, notice of the Board Meeting, revision in credit rating, clippings of newspaper publications, etc., are uploaded on the website. The Company's Annual Report is also uploaded on the website in a user-friendly and downloadable form.

V. NSE Electronic Application Processing System (NEAPS)

NEAPS is a web based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on NEAPS.

VI. BSE Corporate Compliance & Listing Centre ('Listing Centre')

BSE's Listing Centre is a web based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on the Listing Centre.

VII. SEBI Complaints Redress System (SCORES)

Investor complaints are processed through a centralized web-based complaints redressal system. Centralised database of all complaints received, online upload of the Action Taken Reports (ATRs) by the Company, online viewing by investors of actions taken on the complaint and the current status are updated/resolved electronically in the SEBI SCORES system.

VI. General Shareholders Information

A. Company Registration Details

The Company is registered in the State of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24234KA1978PLC003417.

B. Annual General Meeting

Date and Time	Friday, July 26, 2019 at 3.30 p.m
Venue	Sathya Sai Samskruta Sadanam, No. 20, Hosur Main Road, CL Layout, Bengaluru, Karnataka- 560029
Financial Year	April 01, 2018 – March 31, 2019
Dividend Payment Date	Credit/dispatch of dividend warrants, if approved at the Members' meeting would be made on or after July 26, 2019 but before August 24, 2019
Record Date	July 19, 2019
*Financial Results Calendar for 2019-2020	
Q1- FY 20	July 25, 2019
Q2- FY 20	October 23, 2019
Q3- FY 20	January 23, 2020
Q4- FY 20	April 29, 2020
* The above dates are tentative	
Listed on Stock Exchanges	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 BSE Limited PJ Towers, Dalal Street, Mumbai- 400 001
Stock Code/Symbol	NSE - BIOCON BSE – 532523
International Securities Identification Number	INE 376G01013
Payment of Annual listing fees to Stock Exchanges	Paid

I. Market price data during 2018-19

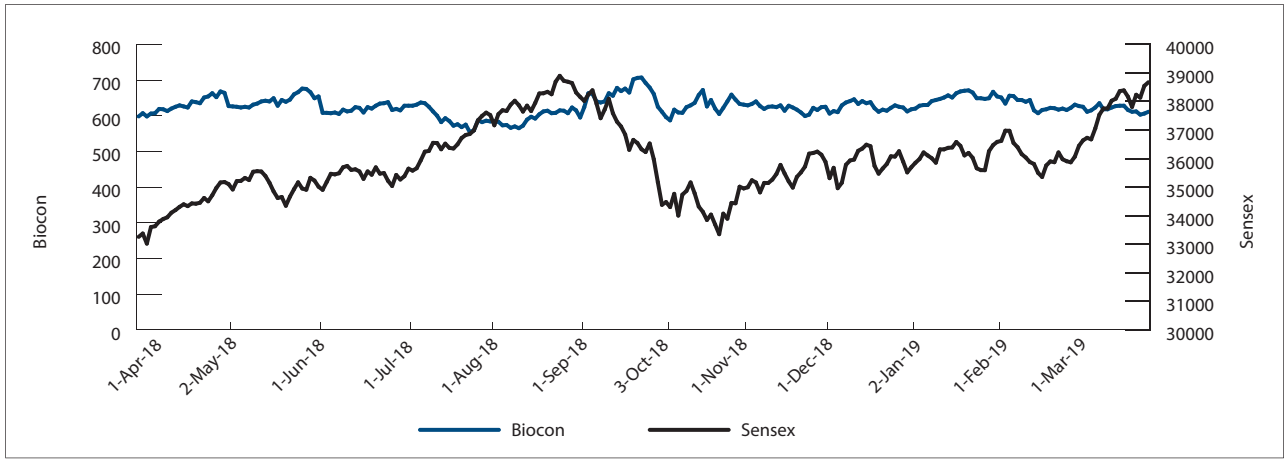
The monthly high/low closing prices and volume of shares of the Company from April 1, 2018 to March 31, 2019 are given below:

Month	BSE			NSE		
	High Price	Low Price	Volume of Equity Shares	High Price	Low Price	Volume of Equity Shares
Apr-18	667.85	597.80	3,927,119	667.60	598.30	48,655,398
May-18	676.25	623.25	4,108,870	676.45	622.65	37,354,168
Jun-18	654.10	604.50	5,172,256	654.55	604.25	67,015,666
Jul-18	637.35	553.80	3,172,741	637.80	553.30	49,748,285
Aug-18	623.30	564.60	2,090,163	624.00	564.90	35,262,889
Sep-18	707.30	595.00	4,895,033	708.40	594.35	69,803,632
Oct-18	678.80	587.35	4,175,973	679.00	587.15	58,726,874
Nov-18	645.30	599.45	2,084,865	644.80	597.70	33,080,124
Dec-18	646.35	606.00	2,216,235	647.95	605.15	36,190,392
Jan-19	670.55	612.40	2,580,720	670.65	612.00	40,985,044
Feb-19	666.55	606.85	1,306,962	666.25	605.85	22,260,301
Mar-19	634.80	603.15	1,524,431	636.35	602.30	26,936,599

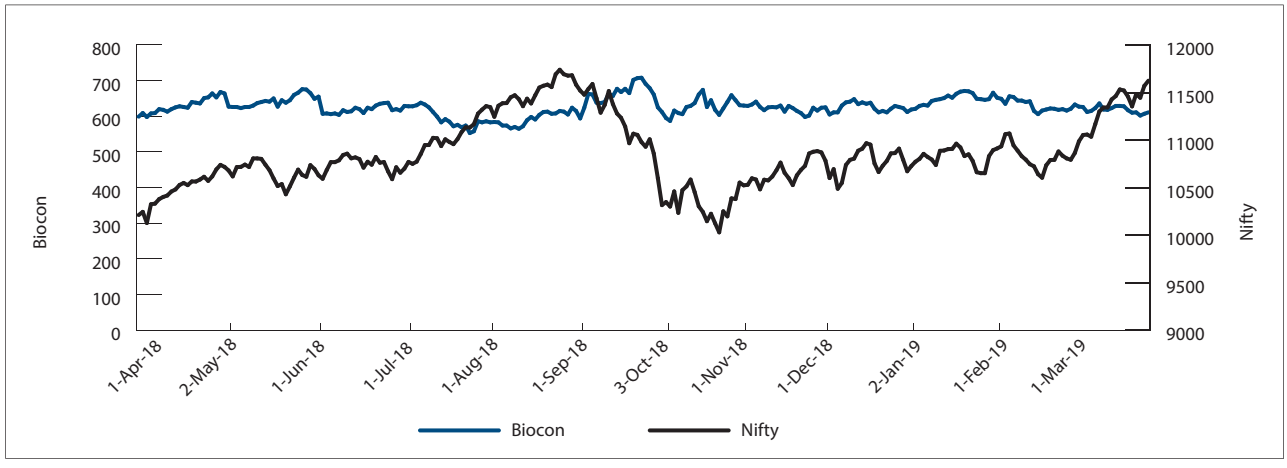
II. Performance in comparison with broad based indices

The chart below depicts the performance of the Company's share price in comparison to broad-based indices, such as BSE Sensex and NSE Nifty. The Biocon Management cautions that the stock movement shown in the graph below should not be considered indicative of potential future stock price performance.

Biocon & BSE Sensex share price movement from April 01, 2018 to March 31, 2019



Biocon & Nifty share price movement from April 01, 2018 to March 31, 2019



III. Share transfer system

Share transfers are processed and physical share certificates duly endorsed are returned within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Stakeholders Relationship Committee has delegated authority for approving transfer, transmission, etc. of the Company's securities to the Share Transfer Committee consisting of Ms. Kiran Mazumdar Shaw, Chairperson & Managing Director and Mr. John Shaw, Vice Chairman & Non-Executive Director of the Company. A summary of transfer/transmission of securities of the Company, so approved by the Share Transfer Committee, is placed at every Stakeholders Relationship Committee meeting. The Company obtains from a Company Secretary in Practice, half- yearly certificate of compliance with share transfer formalities as required under the SEBI LODR and files a copy of the said certificate with the Stock Exchanges.

IV. Dematerialization of shares and liquidity

99.77% of the equity shares of the Company were in electronic form as on March 31, 2019. Trading in equity shares of the Company is permitted only in dematerialized form. The Company's equity shares are actively traded on both National Stock Exchange (NSE) and the BSE Ltd (BSE). The average daily turnover for the financial year 2018-19 is given below:

	BSE	NSE	BSE + NSE
In no. of shares (In Thousands)	150.22	2,121.05	2,271.27
In value terms (In ₹ Millions)	95.03	1,338.40	1,433.43

(Source: Compiled from data available on BSE and NSE website)

V. Distribution of shareholding (category wise) as on March 31, 2019 is as under:

Category	No. of Shares	% to Equity
Promoters (Indian & Foreign)	364,007,838	60.67
Foreign Institutional Investors & FPI	107,385,097	17.90
Mutual Funds, Banks, IFIs	24,145,034	4.02
NRIs & Foreign Nationals	7,334,523	1.22
Corporate Bodies	13,183,782	2.20
Trusts	19,348,850	3.22
Indian Public & Others	64,594,876	10.77
Total	**600,000,000**	**100.00**

VI. Distribution of shareholding as on March 31, 2019:

Sl. No.	Category (Amount)	No. of Holders	% to Holders	Amount (₹)	% To Equity
1	1 - 5000	150,234	95.31	102,841,015	3.43
2	5001 - 10000	3,773	2.39	26,928,000	0.90
3	10001 - 20000	1,702	1.08	24,161,235	0.81
4	20001 - 30000	598	0.38	15,105,735	0.50
5	30001 - 40000	227	0.14	8,030,145	0.27
6	40001 - 50000	168	0.11	7,669,950	0.26
7	50001 - 100000	382	0.24	26,514,290	0.88
8	100001 and above	548	0.35	2,788,749,630	92.96
	Total	**157,632**	**100.00**	**3,000,000,000**	**100.00**

VII. Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

VIII. Commodity price risk or foreign exchange risk and hedging activities

The input pricing risk is managed through appropriate long term rate contracts and constant evaluation of alternate support sources for key raw materials. The Company has an approved Foreign Exchange Risk Management Policy and accordingly, during the year ended March 31, 2019, the Company managed foreign exchange risk and hedged these to the extent considered necessary. The details of foreign currency exposure and hedging are disclosed in Notes to Standalone Financial Statements.

IX. Plant locations

1	2	3	4
20th KM, Hosur Road, Electronics City PO, Bengaluru, Karnataka - 560 100, India	Biocon Park, Plot No. 2,3,4 & 5, Bommasandra- Jigani Link Road, Bengaluru, Karnataka - 560 099, India	Plot 213-215, IDA Phase -II, Pashamylaram, Medak District -502 307, Andhra Pradesh, India	Plot No. 2, J.N. Pharma City, IDA, Parvada, Vishakapatnam, Andhra Pradesh – 531 021, India

X. Address for correspondence

Financial Disclosure
Mr. Siddharth Mittal
President - Finance & Chief Financial Officer
Tel: 91 80 - 2808 2808
E-mail id: siddharth.mittal@biocon.com

Media & Corporate Communications
Ms. Seema Ahuja
Vice President & Global Head of Communications
Tel: 91 80- 2808 2808
E-mail id: seema.ahuja@biocon.com

Investor Relations (Institutional Investors & Research Analysts)
Mr. Saurabh Paliwal
Head - Investor Relations
Tel: 91 80 2808 2808
E-mail id: investor.relations@biocon.com

Corporate Governance & Compliance
Mr. Siddharth Mittal
Compliance Officer
Tel: 91 80 2808 2808
Email: co.secretary@biocon.com

Registrar and Share Transfer Agents
Karvy Fintech Private Limited (Unit: Biocon Limited)
Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District,
Nanakramgud, Hyderabad – 500 032
E-mail id: einward.ris@karvy.com

Registered Office
Biocon Limited
20th KM, Hosur Road,
Electronic City, Bengaluru,
Karnataka 560100

XI. Credit Ratings

There are no debt instruments, or any fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad and therefore no credit ratings was required to be obtained by the Company during the financial year under review.

C. Other Disclosures

I. Materially significant related party transactions

During the financial year 2018-19, no materially significant transactions or arrangements were entered into between the Company and its promoters, management, Directors or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. The Company has formulated a policy on dealing with Related Party Transactions, which specifies the manner of entering into Related Party Transactions. This policy has also been posted on the website of the Company i.e. www.biocon.com at the following path: Investors > Policies and Key Governance Documents > Policy on Related Party Transactions.

II. Details of non-compliance

During the last three years, there were no instances of non-compliances by the Company related to capital markets and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities. The Company has also complied with the requirements of Corporate Governance Report and disclosed necessary information as specified under the SEBI LODR.

III. Vigil mechanism and whistle blower policy

The vigil mechanism as envisaged in the Companies Act, 2013 and the SEBI LODR is implemented through the Company's Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit and Risk Committee. The address of the Chairperson of the Audit and Risk Committee has been given in the policy for the employees, Directors, vendors, suppliers or other stakeholders associated with the Company to report any matter of concern. Whistle blower policy of the Company is available on the website of the Company www.biocon.com at the following path: Investors > Policies and Key Governance Documents > Biocon Group Integrity Whistle Blower Policy.

IV. Compliance with non-mandatory requirements

Apart from complying with mandatory requirements prescribed by the SEBI LODR, the Company has complied with a few non-mandatory requirements, such as:

- During the financial year under review, there is no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure regime of unqualified financial statements
- The post of Chairperson & Managing Director and Chief Executive Officer are held separately by different individuals
- Internal Auditors report directly to the Audit and Risk Committee

V. Material Subsidiary

All the subsidiaries of the Company are Board managed, with their respective Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. The Audit and Risk Committee reviews the financial statements, in particular investments made by the unlisted subsidiary companies. Minutes of the Board Meetings of the unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Board periodically. Your Company has formulated a policy for determining "Material" subsidiaries as defined in the SEBI LODR. This policy is also posted on the website of the Company www.biocon.com at the following path: Investors > Policies and Key Governance Documents > Policy document on Material Subsidiaries.

VI. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Sl. No.	Particulars	Numbers
a.	Number of complaints filed during the financial year	4
b.	Number of complaints disposed off during the financial year	4
c.	Number of complaints pending as on end of the financial year	0

VII. Disclosures with respect to demat suspense account/unclaimed suspense account

The Company does not have any securities in the demat suspense account/unclaimed suspense account.

VIII. Code of Conduct

The Code of Conduct ("the Code") for Board Members and senior management personnel as adopted by the Board, is a comprehensive Code applicable to Directors and senior management personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and senior management personnel. A copy of the Code is available on the Company's website www.biocon.com. The Code has been circulated to Directors and senior management personnel and its compliance is affirmed by them annually. A declaration signed by the Chief Executive Officer to this effect is published in this Report.

IX. Code for prevention of insider trading practices

The Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading for its designated persons, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. The Directors, officers, designated persons and other connected persons of the Company are governed by the Code. The Code is also posted on the website of the Company www.biocon.com at the following path: Investors > Policies and Key Governance Documents > Code of Conduct for Prevention of Insider Trading.

X. Disclosure by senior management personnel

The senior management of your Company have made disclosures to the Board confirming that there are no material, financial and commercial transactions where they have personal interest that may have a potential conflict of interest with the Company at large.

XI. CEO/CFO certification

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company have furnished to the Board, the requisite compliance certificate under the relevant provisions of the SEBI LODR for the financial year ended March 31, 2019.

XII. Certificate of compliance of conditions of corporate governance

A certificate from the auditor confirming compliance with conditions of Corporate Governance is annexed to this Report.

XIII. Secretarial audit

The Secretarial Audit Report of the Company for the year ended March 31, 2019, issued by Mr. Pradeep Kulkarni, Partner of M/s. V. Sreedharan & Associates, Practising Company Secretaries is attached to the Board's Report as Annexure - 7. As on March 31, 2019, none of the subsidiaries of the Company qualified to be material unlisted subsidiaries.

XIV. Agreement on compensation of profit sharing in connection with dealings in securities of the Company

During the financial year under review, no employee including Key Managerial Personnel or Director or Promoter of the Company had entered into any agreement, either for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in securities of the Company.

XV. Declaration on code of conduct

Biocon group is committed to conducting its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all Directors, officers and employees.

I hereby certify that the Board Members and senior management personnel of the Company have affirmed compliance with the Code of Ethics and Business conduct for the year 2018-19.

For Biocon Limited

Bengaluru
April 25, 2019

Dr. Arun S. Chandavarkar
CEO & Joint Managing Director

Independent Auditors' Certificate on Corporate Governance

To

The Members of Biocon Limited

The Certificate is issued in accordance with the terms of our engagement letter dated 28 September 2018.

We have examined the compliance of conditions of Corporate Governance by Biocon Limited ("the Company"), for the year ended 31 March 2019, as stipulated in regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

The Company's Management is responsible for compliance of conditions of Corporate Governance including the preparation and maintenance of all relevant supporting records and documents as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditors' Responsibility

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special purposes (Revised 2016), Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above- mentioned Listing Regulations.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use

This Certificate has been solely issued for the purpose of complying with the aforesaid Listing Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

S Sethuraman
Partner
Membership number: 203491
Unique Document Identification Number (UDIN): 19203491AAAAAA1747

Bengaluru
25 April 2019

Business Responsibility Report for the FY 2018-19

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L24234KA1978PLC003417
2. Name of the Company: BIOCON LIMITED
3. Registered address: 20th KM Hosur Road, Electronic City, Bengaluru – 560100
4. Website : www.biocon.com
5. E-mail id : Co.secretary@biocon.com
6. Financial Year reported: 01.04.2018 to 31.03.2019
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Industrial Group	Description
021	Manufacture of pharmaceuticals, medicinal chemical and botanical products

As per the National Industrial Classification – Ministry of Statistics and Program Implementation

8. List three key products/services that the Company manufactures/provides (as in balance sheet)
   - i) Small Molecules – API and Generic Formulations
   - ii) Biologics – Insulins, Biosimilar MABs and Proteins
   - iii) Branded Formulations
9. Total number of locations where business activity is undertaken by the Company
   - (a) Number of international locations: 5 (United States of America, Switzerland, United Kingdom, Malaysia and United Arab Emirates)
   - (b) Number of national locations: 3 Manufacturing Locations (Bengaluru – 2 plants, Hyderabad and Vishakhapatnam) + Marketing Offices in India
10. Markets served by the Company – Local/State/National/International

In addition to serving Indian markets, the Company has global footprints and serves market of 120 countries

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up capital (₹) : 3,000 Million
2. Total turnover (₹) : 30,022 million
3. Total profit after taxes (₹): 4,927 million (including exceptional item)
4. Total spending on corporate social responsibility (CSR) as percentage of profit after tax (%): 2%
5. List of activities where expenditure in 4 above has been incurred: Refer Annexure 9 - Corporate Social Responsibility of the Board's Report.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes. The Company has 15 subsidiaries located in India and other countries as on March 31, 2019

2. **Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   Yes. The Company's subsidiary, Biocon Academy (a Not for Profit company) participates in the BR initiatives of the Company.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?**

   If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

As per corporate risk governance process, suppliers and distributors work closely with supply chain on several risk mitigation programs including business continuity plans, geographic risk mitigation, reducing environmental burden by using recycled solvents and training user teams within Biocon to manage product functioning and related hazards (products where specific product handling and usage procedures set by suppliers are required to be followed).

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

i. Name: Dr. Arun S. Chandavarkar

ii. Designation: CEO and Joint Managing Director

iii. DIN Number: 01596180

(b) Details of the BR head:

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	01596180
2	Name	Dr. Arun S. Chandavarkar
3	Designation	CEO and Joint Managing Director
4	Telephone number	080 – 2808 2808
5	Email – ID	arun.chandavarkar@biocon.com

2. Principle-wise (as per NVGs) BR policy/policies

P1: Businesses should conduct and govern themselves with ethics, transparency and accountability.

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3: Businesses should promote the wellbeing of all employees.

P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5: Businesses should respect and promote human rights.

P6: Businesses should respect, protect, and make efforts to restore the environment.

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8: Businesses should support inclusive growth and equitable development.

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1 Ethics & Transparency	P2 Product Responsibility	P3 Wellbeing of Employees	P4 Responsiveness to Stakeholders	P5 Respect Human Rights	P6 Environmental Responsibility	P7 Public Policy Advocacy@	P8 Support Inclusive Growth	P9 Engagement with Customers
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	N	Y	Y	N	Y	Y
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	Y
5	Does the Company have a specified committee of the Board/ Directors/ Officials to oversee the implementation of the policy?	Y	Y	Y	N	Y	Y	N	Y	Y

Sl. No.	Questions	P1 Ethics & Transparency	P2 Product Responsibility	P3 Wellbeing of Employees	P4 Responsiveness to Stakeholders	P5 Respect Human Rights	P6 Environmental Responsibility	P7 Public Policy Advocacy@	P8 Support Inclusive Growth	P9 Engagement with Customers
6	Indicate the link for the policy to be viewed online?	Refer to the table below	Y	Refer to the table below	Y*	Refer to the table below	http://www.biocon.com/biocon_aboutus_ehspolicy.asp	N	http://www.biocon.com/biocon_csr_about_policy.asp	http://www.biocon.com/biocon_invrelation_cor_code.asp?subLink=gover
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	N	Y	Y	N	N	Y

*Note 1: The Company does not have a formal all Stakeholder Responsiveness Policy. However, specific stakeholder engagement policies exist for example Biocon Communications Policy and Social Media Policy for internal and external stakeholders, which also outline the SOP for issue management and crisis communications. It has been the Company's practice to upload all policies on BioSpace, the intranet site for information and implementation by internal stakeholders.

@Note 2: Public Policy Advocacy is yet to be formulated. However, the Company plays a strong role in public policy advocacy through regular engagement with specific external stakeholders, including industry associations, government bodies and regulatory departments.

The Company has formulated certain internal guidelines which are aligned to the values underlying the herein stated Principles. Those guidelines vis-à-vis the principles are mentioned below:

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability	Principle 3: Businesses should promote the wellbeing of all employees	Principle 5: Businesses should respect and promote human rights
Code of Conduct	Code of Conduct	Code of Conduct
Standing Orders	Employment Policy	
	Standing Orders	

It has been the Company's practice to upload all policies on the intranet site for information and implementation by internal stakeholders. However, Code of Conduct and Integrity Policy which are applicable to both internal and external stakeholders are available on the Company's website www.biocon.com.

3. Governance related to BR

i) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.

Corporate Social Responsibility Committee of the Board meets at an interval of six months to assess the BR performance of the Company.

ii) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

BR report is published annually as part of the Company's Annual Report, in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The hyperlink for viewing the report is -http://www.biocon.com/biocon_invrelation_annualreports.asp?subLink=finance

SECTION E: PRINCIPLE – WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   No. It extends to Group/Joint Ventures/Contractors etc.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

No. of complaints pending resolution as at April 01, 2018	1
Total complaints received	10
Closed cases	9
In progress	2

The Company has a hotline for whistle blowing and any other concerns to be voiced. Any complaints received are addressed accordingly by authorized officials.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

i) Small Molecules – API and Generic Formulations

ii) Biologics – Insulins, Biosimilar MABs and Proteins

iii) Branded Formulations

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Sustainable thinking is the core aspect of our corporate responsibility. It has helped us move beyond statutory compliances to create responsible business practices that guarantee safe work environment, healthy workforce and sustainable environment across the value chain. Our Company prefers to enter into long term commitments with those suppliers who fulfil their responsibility towards the society as well as the environment. Initiatives are taken to improve awareness about legal compliances, to enhance eco-friendly efficiencies and packaging/logistics improvements at the suppliers' end. Supplier and transporter meets are held on a periodical basis, where the Company engages and encourages them to undertake sustainable practices across the supply chain. The Company drives its distribution plan using an ERP (Enterprise Resource Planning) system to optimize freight costs. Our approach is to add value in such a manner that not only are our products affordable and accessible, but our practices are also sustainable and equitable.

A special project has been executed with-in the sourcing team, to reduce the transactional load in the process. Consolidation of Purchase Orders & Requisitions/Long Term Contracts has resulted in a reduction in the transactional load in SAP-ERP system as well.

Along with spreading wellness through our products, we also work for the welfare of the neighbourhood economy by sourcing local material and labour wherever possible. Local sourcing is also an environmentally sustainable option as it reduces significantly the logistics requirement and thus the carbon footprint.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Our sustainability strategy is built around the philosophy of doing more with less. Our holistic approach encompasses conservation of natural resources, reduction of our carbon footprint, switching to renewable energy, improving energy efficiency, minimizing waste generation, sustainable sourcing and contributing to biodiversity.

As a resource-respecting organization, we make every effort to be environment-friendly and we take steps to be in compliance with the best practices. Biocon has adopted principles of natural resource conservation, reuse, reduce, recycle, waste minimization and renewable energy. All manufacturing units are certified for OHSAS 18001:2007 and ISO 14001:2015 standards. Accordingly, Biocon has made large investments in a zero liquid discharge system across all manufacturing units. This system recycles the recovered water for onward use within our utilities. A rain water harvesting system is in place covering building roof tops and harvested rain water is used for gardening purpose and utilities.

The waste generated in the Company's operations is either recycled or disposed of in a responsible way in line with legal requirements. Hundred percent of the wastewater is recycled and reused in the process or utilities. Water consumption forms an important part of our agenda. At all our manufacturing units across India, efforts are continuously underway to reduce our fresh water consumption. We have also launched several initiatives for energy conservation and clean energy usage. By shifting to piped natural gas for steam generation we have replaced conventional fossil fuels thus adopting a clean, environment friendly and highly efficient form of energy. Around 40% of power requirement of Biocon's Bengaluru units is met with Wind Power. Renewable energy such as wind power does not pollute the environment and has no impact on global warming & greenhouse emissions. Our energy conservation efforts are centred on optimizing energy consumption, reducing waste and utilizing clean energy in our business operations. Adoption of innovative measures such as energy efficient centrifugal air compressors, water chillers and motors have enabled us to achieve this objective. Variable refrigerant volume systems, LED lighting and condensate recovery measures have significantly enhanced energy savings.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes. The Company has a protocol on operating procedure to approve vendors. Materials are procured from approved vendors both, local and international. The quality assurance team of the Company conducts periodic audit of the vendors, especially those who supply key materials on various parameters towards evaluating business sustainability. Our integrated SCM function, which encompasses multiple products, verticals and manufacturing locations, revolves around meticulous planning, smart sourcing and disciplined monitoring. Some of the initiatives in place for sustainable sourcing are as below-

a. **Sourcing & Vendor Consolidation**

i. We believe that for strategic suppliers, in the interest of business, it is best to have minimum touch-points at multiple levels. This helps in driving a common corporate message without it having to go through multiple channels. Towards this, sourcing strategies have been consolidated for all plants at our Bengaluru Headquarters. We strive to achieve a balance between the benefits of centralization and de-centralization.

ii. Consolidating vendors also helps us in keeping transactions to a minimum, thereby minimizing operational loads. Consolidating requirements helps in better planning and effective negotiations.

b. **Green Supply Chain**

i. Biocon has made tremendous strides in moving from animal-origin to recombinant supply base for some of our key product portfolios which include Insulins. We believe this has contributed significantly to our environment friendly initiatives apart from being a social cause.

ii. Biocon's sourcing team focuses on use of 'green solvents' that are non-petrochemical based, such as ethanol, for majority of our business units, thereby reducing the dependency on non-renewable forms of energy.

iii. Deployment of professional and regulatory compliant logistics providers helps in consolidating solvents deliveries which further helps in achieving reduction in fuel cost per unit of solvent consumed at Biocon.

c. **Periodic Vendor Evaluation**

i. All suppliers (small, medium and large) are periodically evaluated on the basis of the supply performance. Matrices used to evaluate include OTIF (On-Time, In-Full Deliveries) & number of quality complaints

ii. We conduct monthly reviews for each supply chain function to address issues with suppliers

iii. We have also entrusted vendor evaluation to 3rd party international agencies such as Dun & Bradstreet

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes. Biocon has always strived to work and develop most of the small and medium enterprises around its area of operation. The Company procures a considerable part of its goods and avails services from local and small vendors, particularly those located around its manufacturing locations. 15-20% of our total supplier base comprises of small and medium enterprises. There is also a strong corporate directive towards developing sourcing capabilities locally. This enables us to achieve multiple benefits such as

i) Shorter turn-around times for delivery

ii) Promoting vendor-managed inventory, closer to our facilities

iii) Quicker resolution of issues pertaining to material quality

iv) Contributing to the local economy, thereby enhancing sustainability of our operations

Besides, we also help in long term capacity planning for such vendors by sharing forecasts for upto 12 months.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so**

Yes. A mechanism for recycling products as well as waste is in place in the Company. Since the Company is a zero liquid discharge facility, 100% of wastewater is recycled and reused back in the utilities. STP treated water is used for gardening in Company premises thereby reducing usage of fresh water. Used solvents is distilled and recovered and it is reused internally to reduce usage of fresh solvent. Efforts are made to further strengthen the recovery processes in a) Biologics b) Small Molecules and c) cross functional projects to drive further reduction in utilities and solvents through novel technology platforms. These processes help in making significant progress towards long term reduction in consumption of fresh solvents. Our food waste is treated onsite through composting which is used in the greenbelt area.

Principle 3: Businesses should promote the wellbeing of all employees

1. The Company is committed to promote diversity in work place and provide equal opportunity for all employees regardless of race, colour, religion, age, gender, sexual orientation, national origin, disability and other factors. Employees have the right to work in an environment free from any form of discrimination, which might be considered harassing, coercive or disruptive, particularly behaviour that tantamount to sexual harassment. The Company asserts a zero tolerance policy towards any sexual harassment. The intent is to provide a work environment free from all forms of harassment, provide equal opportunity to all, respect privacy and recognize the right to be heard.

Biocon ensures a safe, healthy and clean working environment for all its employees. They are provided with transport and canteen facilities at subsidised prices. Employee engagement activities are conducted regularly to maintain a healthy work environment. Comprehensive health check-

up is mandatory for all employees annually.

We ensure timely and fair payment of wages in accordance to all applicable laws and standards. Well-being of all employees is a priority to the Company and all necessary steps are taken to ensure the same.

2.	i)	Please indicate the total number of employees	6,301
	ii).	Please indicate the total number of employees hired on temporary/contractual/casual basis	1,656
	iii).	Please indicate the number of permanent women employees	881
	iv).	Please indicate the number of permanent employees with disabilities	7

3. Do you have an employee association that is recognized by management?

No

4. What percentage of your permanent employees are members of this recognized employee association?

NA

5. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Child Labour	Nil
Forced Labour	Nil
Involuntary Labour	Nil
Sexual Harassment(SH)	4
SH Pending Closure	Nil
Discriminatory Employment	Nil

6. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

	Skill Upgradation	Safety
Permanent Employees	74%	68%
Permanent Women Employees	80%	73%
Casual/Temporary/Contractual Employees	-	100%
Employees with Disabilities	57%	71%

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the Company mapped its internal and external stakeholders?

The mapping and management of stakeholders is one of the core principles of our business strategy.

Stakeholders from the CSR perspective-

The CSR Board approves CSR strategies, budgets, project plans, manages internal governance and plays an oversight role with regard to compliance with the Company's policy. The CSR Committee identifies intervention areas based on the needs of the community, reviews policy, recommends budget, monitors implementation of programs and reports the results to the Board on a quarterly basis. The Biocon Foundation has developed and nurtured strong relationships with the local community and other stakeholders. We have nurtured long-term strategic partnership with- suppliers to maintain supply chain effectiveness, tertiary health providers to get technical support and with the Government to fulfil mutual obligations in a PPP mode. Communicating CSR achievements to shareholders, customers, employees, communities, public officials and other partners is at the heart of our strategy. It's a continuous process at Biocon which is followed in Board meetings, town-hall presentations, Annual General Meetings, CSR forums and also through various internal & external reporting and presentations. The value delivered to the stakeholders is also conveyed with the help of online social networks and print media.

The other stakeholders include:

i) Government and regulatory authorities

ii) Employees

iii) Customers

iv) Local community

v) Investors and shareholders

vi) Suppliers

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   At Biocon, we employ scientific methods of determining and addressing the needs of the community. Our various social interventions serve a population of more than 10 lakhs living predominantly in rural areas, peri-urban areas and slums. In compliance with the CSR Act 2014, preference is also given to the areas around the Company's units. Our approach places special emphasis on the socio-economic development of the most disadvantaged sections of the society which includes women, children and senior citizens.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   Our primary healthcare initiatives have been designed to bring quality and affordable healthcare to the underserved population in order to reduce morbidity & mortality and significantly reduce out of pocket expenditure (OPE) by minimizing trips to secondary and tertiary health centres. Monthly camps are being organized in support of the Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA) to provide antenatal care to pregnant women in rural areas. Breast Cancer and Cervical Cancer screenings are other women oriented programs. The Geriatric camps serve healthcare needs of the elderly population. Our education program and mid-day meal initiatives cater to the educational and nutritional needs of children studying in Government schools. We have implemented interventions to manage acute malnutrition in children of Anganwadi centres. Our rural development initiatives address the rural urban divide in infrastructure. In addition, we promote gender equality and women empowerment by supporting vocational skills and safe environment for them.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?**

   No. It extends to Group/Joint Ventures/ Contractors etc.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   There were no complaints during the year.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.**

   Yes. Biocon is committed to adopting the best global practices in Environment, Health and Safety (EHS). Our comprehensive governance systems are bolstered by best-in-class infrastructure, specialized EHS systems, competent teams and comprehensive programs. Biocon follows a well defined Environment, Health & Safety Policy to motivate employees so as to minimize environmental impact and to prevent injuries and ill health at workplace. It covers all our internal and external stakeholders and extends to the Group, Joint Ventures, suppliers, contractors and other stakeholders such as the NGOs that work with us. The Policy is communicated to all our stakeholders to ensure that they are in compliance.

   Adherence to the EHS Policy is emphasized to all stakeholders by the top management, as well as through appropriate communication within the Company.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes. Commitment pertaining to global warming, climate change and biodiversity is clearly stressed in the Company's EHS Policy. Relevant projects and initiatives are in place. Information on the policy is available on the following link:

   Hyperlink for the webpage: http://www.biocon.com/biocon_aboutus_ehspolicy.asp

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes. A Risk Based Approach i.e. 'Aspect Impact Identification' methodology is in place to assess and identify environmental risks for all activities, processes and new projects and any modifications thereof.

   Link to ISO 14001 & OHSAS 18001 certifications : http://www.biocon.com/biocon_aboutus_ehspolicy.asp

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is being filed?**

   As on date, the Company does not have any project registered with Clean Development Mechanism (CDM), but we have various clean technology projects and we strive to identify the CDM potential in all of our projects. Some of the projects in line with CDM methodologies in our organization are

   i) Reduction of carbon footprint by shifting to piped natural gas to fuel boilers, instead of using conventional fossil fuels thereby reducing our GHG emissions

   ii) Usage of biogas generated by our effluent treatment unit anaerobic digesters as a co-fuel in boilers

   iii) Usage of solar energy for water heating and lighting purposes

   iv) 39% of our power requirements is sourced from wind energy

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes. Some energy efficiency, clean technology and renewable energy projects implemented at our sites are

   i) Installation of energy efficient centrifugal air compressors

   ii) Installation of LED lighting replacing fluorescent lamps

   iii) Power trading through Indian Energy Exchange

   iv) Installation of energy efficient air blower motors

   v) Reduction in CO2 emissions by using PNG (piped natural gas) for steam generation

   vi) 39% of our power requirements is sourced from wind energy

   vii) Installation of solar powered lighting.

   viii) Installation of waste steam recovery system

   ix) Installation of two stage scrubber system at multiple effect evaporator system to ensure better air quality in and around the facility

   Intranet link: http://www.biocon.com/biocon_aboutus_ehspolicy.asp

6. **Are the emissions/waste generated by the Company within the permissible limits set by CPCB/SPCB for the financial year being reported?**

   Yes. Air emissions and waste generated by Biocon Limited are well within the permissible limits prescribed by the environmental regulators and reported for the last financial year.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   No show cause/legal notices were received from CPCB/SPCB. And therefore no such notices are pending as at the end of financial year 18-19.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   CII, ABLE, IDMA, KDPMA, Federation of Karnataka Chambers of Commerce & Industry, FICCI

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   As a pioneering biotechnology Company, Biocon engages with various stakeholders including various Government departments to facilitate progressive and pragmatic policies that can address the daunting healthcare challenges of the country. Biocon's CMDMs. Kiran Mazumdar Shaw, is a Biotech pioneer, well regarded globally, she is passionate about enabling affordable healthcare and therefore contributes selflessly towards creating an enabling ecosystem that promotes science, encourages start-ups and enables access to affordable universal healthcare. Ms. Mazumdar-Shaw also engages with the Government at Centre and State to enable creation of an optimal biotech ecosystem in the country.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company is committed to serve underprivileged communities through sustainable development projects; pivoted on innovation, grass roots implementation, grant support and knowledge sharing, in the realms of-

   i) Primary Healthcare

   ii) Education

   iii) Gender Equality & Women Empowerment

   iv) Environmental Sustainability

   v) Technology Incubation

   vi) Rural Development and

   vii) Traditional Art and Culture

   To maximize impact at the national and state levels, all our programs are being delivered in partnership with Government agencies on strong footing of public private partnerships.

   i) Primary Healthcare: The paradigm of 'eLAJ Smart Clinic' model developed by the Biocon Foundation is an integration of preventive and outpatient primary healthcare services to address the health dilemmas, bridge the rural-urban healthcare divide and reduce patient movement to overburdened secondary and tertiary centres. Health services include promotion, maintenance and restoration of health. The productive model of healthcare delivery has been adopted in 3 private clinics of Biocon Foundation and 15 Government Primary Health Centres in Karnataka. The intervention is serving a population of more than 8 lakhs, living predominantly in rural areas, peri-urban areas and slums.

The primary healthcare approach, early detection and case management, is effective in reducing morbidity and mortality from infectious and non-communicable diseases. It involves a data driven approach with the help of an in-house electronic patient record system which enables our clinics to digitally record every patient interaction. The indispensable electronic data is also amalgamated with the health delivery model to address the basic preventive and primary health concerns in the areas of Communicable Diseases, Maternal and Child Health (MCH), Diet-related Non Communicable Diseases (NCDs) and prevention of cancers (cervical cancer, breast cancer and oral cancer) through special health camps. This crucial model of outpatient primary care is also complemented by health promotion, prevention, and comprehensive health environment monitoring and risk assessment in the communities with the application of mobile health (mHealth).

Programs	Solution Orientation	Target Beneficiaries
Outpatient primary care	Early detection and case management in clinical setting	Any patient who has a medical reason to consult a doctor
Promotion of ICT based solutions (mHealth & EMR) for healthcare delivery	Integrated electronic medical record system, multiple parameter vital sign monitoring and use of wireless mobile technologies	Clinicians, health administrators, public health planners and patients from all age groups, sex and socio-economic strata
Real-time monitoring of health facilities	Organization of data on a real time basis by live dashboard for clinicians and administrators, patient follow-up notification, facility utilization tracking, clinical compliance, disease surveillance and so on	Clinicians, health administrators, public health planners and patients from all age groups, sex and socio-economic strata
Early detection and prevention of cervical cancer	Screening through papanicolaou smears	All women married for at least 3 years from the age group 21- 59; priority to women above 30 years of age
Early detection and prevention of breast cancer	Screening through Intelligent Breast Examination (iBE), a novel US FDA cleared medical instrument for pre-screening of breast lesions	All women in the age group 21-69 years; priority to women above 30 years of age
Management of Child Under-nutrition	Monthly health check-ups for children to screen for malnutrition. Nutrition counselling for caregivers of malnourished children	Children under-5 years of age
Nutrition support to children of primary schools	Partly funded the kitchen of The Akshaya Patra Foundation to provide mid-day meals	Children of Government Schools
Nutrition support to cancer patients	Nutrition support to patients undergoing chemotherapy at Tata Memorial Hospital	Identified needy patients undergoing chemotherapy at Tata Memorial Hospital
Early detection and prevention of oral cancer	An mHealth approach to screening and treating precancerous oral lesions	18 years and older who consume tobacco in any form and/or alcohol
Oral Health	Provision of dental chair and dentist	Any patient who has a reason to consult a dentist
Early detection and management of diet-related NCDs (Diabetes & Hypertension)	-Assessment of CVD & diabetes physiological risk factors -Monthly health check-up by specialist -Psychosocial counselling by the health educator	Patients with diabetes, hypertension and associated medical complications including at-risk population
Adolescent girl health education	Awareness and education on reproductive & sexual health and nutrition	Adolescent girls in all Government High Schools of Karnataka
Mental health education and counselling	Integration of mental health with primary healthcare, eradication of stigmas, counselling, primary treatment and referral	Patients with any psychiatric symptoms and associated disabilities
Preventive health education	Promotional activities related to non-clinical life choices covering most aspects of health and its social determinants delivered by Community Health Workers	Individuals from all age groups, sex and socio-economic strata
Community safe drinking water	Community RO water plants installation and commissioning	Individuals from all age groups, gender and socio-economic strata
School safe drinking water		Students of 15 Government Schools
Swachh Vidyalaya	Construction of toilets in schools	Children of Government Primary Schools and Government Schools & Junior College

ii) **Education:** The Company persistently works on promoting education amongst Government School children by providing content, infrastructure, computer systems and health education.

Aata Paata Wadi- An afterschool enrichment program on english and phonics, life skills, art & craft, digital literacy and games for children of classes 1 to 7 at the Ashrama Residential School in Thithimati being run by the State Social Welfare Department.

iii) **Promoting gender equality and empowering women:** The Company promotes gender equality and empowerment of women by providing electronic monitoring systems to local police stations, thereby increasing safety in the area.

(iv) **Environmental sustainability:** The Company promotes conservation of natural resources, improves the ecosystem as to maintain quality of soil, air and water.

(a) Hebbagodi Lake Rejuvenation: Hebbagodi Lake which is spread over 35 acres was severely polluted due to 5 sewage inlets from surrounding developments and 2 storm water inlets. Due to the Company's relentless efforts, the lake water has been treated by bio-remediation, artificial floating wetlands and aeration processes. A children's park and an RO Drinking Water plant have been set up at the periphery.

(b) Yarandahalli Lake Rejuvenation: The Detailed Project Report for this initiative has been approved and we will soon commence rejuvenation work.

(c) Kammasandra Lake Rejuvenation : We have conducted the preliminary survey for the rejuvenation of this Lake.

(v) **Heritage Art and Culture:** The Company values promotion and restoration of national heritage, art and culture. (a) India Foundation for the Arts is being supported under our Grant-in-Aid initiative to encourage research and education in arts & culture. (b) Restoration of the garden area at Cubbon Park, Bengaluru.

(vi) **Technology Incubation:** The Company is keenly aware of the power of technology to transform the development indicators and therefore we provide grants to technology incubators approved by the Central Government. The Institute of Bioinformatics and Applied Biotechnology (IBAB) has been supported through Grant-in-Aid initiative so as to promote education, research and entrepreneurship in Biological Sciences.

(vii) **Rural Development Initiatives:**

(a) School construction, Kyalasanahalli, Jigani TMC

(b) Installation of RO Drinking Water plants

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organization?

The CSR initiatives are primarily implemented in-house in close collaboration with local Governments and grants are provided to trusts/NGOs doing impactful work for the marginalized sections of the society.

3. Have you done any impact assessment of your initiative?

Refer Annexure 9 of the Board's Report on Corporate Social Responsibility.

- More than 63,714 registrations have been captured across 18 eLAJ Smart Clinics. These clinics have recorded over 164,215 patient visits
- About 2,713 beneficiaries treated for diet-related NCDs
- More than 581 children screened for malnutrition and treated for communicable diseases
- More than 584 women screened for cervical and breast cancer
- More than 2,119 individuals screened for oral cancer. About 28,030 beneficiaries reached through our outreach programs for oral health and among them 6,804 were treated.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Refer Annexure 9 of the Board's Report on Corporate Social Responsibility.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so?

Through employee engagement and the CSR team, the community is involved from the time the need assessment is carried out. Based on the outcomes of the assessment, programs are planned and implemented with community acceptance at every stage. Community awareness is included as part of all the programs. With the feedback of the community and other stakeholders, the program is reviewed and modified for larger impact.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as at the end of financial year.

Given below is a summary of the complaints received:

No. of complaints pending resolution as at April 01, 2018:	3
No. of complaints received during FY 2019:	7
No. of complaints resolved:	7
No. of complaints pending resolution:	3

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).**

   No. Since the Company's products are bio-pharmaceuticals, only product information that is approved by the regulatory authorities is displayed on the product label.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   NIL.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   No.

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Independent Auditors' Report

To the Members of Biocon Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Biocon Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (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 2019, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impact on adoption of new revenue standard	
The key audit matters	**How the matter was addressed in our audit**
The Company has adopted Ind AS 115: Revenue from Contracts with Customers effective April 01, 2018 using the modified retrospective approach, with the cumulative effect of initially applying the impact of any change to the opening equity as at April 01, 2018. The Company has significant out-licensing and collaboration arrangements and given the terms of these arrangements, the accounting is complex and judgmental, with significant judgement being applied under the new revenue standard. With respect to collaboration and out-licensing arrangements, the risk is to determine applicability of the standard to some of these contracts in part or full, whether all the identified performance obligations meet the criteria of being distinct and consequently its impact on timing and pattern of revenue recognition. Refer to Significant Accounting Policies Note 2(j) and Note 21 in the Standalone Financial Statements for the year ended March 31, 2019.	With reference to revenue recognition from licensing income and on accounting for collaboration arrangements, we reviewed the underlying contracts and evaluated the appropriateness of the key judgements and estimates. We also reviewed management's assessment whether the rights transferred under these arrangements qualified for revenue recognition and in particular whether the underlying performance obligations meet the criteria of being distinct and hence can be segregated from other obligations under the arrangement.

Taxation	
The key audit matters	**How the matter was addressed in our audit matter**
The Company is subject to complexities with respect to various tax positions on deductibility of transactions and tax incentives / exemptions, and on cross border transfer pricing arrangements. Judgment is required in assessing the range of possible outcomes for some of these tax matters. Management makes an assessment to determine the outcome of these uncertain tax positions and decides to make an accrual or consider it to be a possible contingent liability. Where the amount of tax liabilities are uncertain, the Company recognizes accruals that reflect Management's best estimate of the outcome based on the facts known in the relevant jurisdiction. Accordingly we focused on this area. For further information refer to the Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions- Note 2(l) and financial disclosures are disclosed in Tax expense- Note 33 in the Standalone Financial Statements for the year ended March 31, 2019.	For uncertain tax positions, we read and analysed select key correspondences with the tax authorities, reviewed Management's judgment regarding the eventual resolution of matters with various tax authorities, assessment of third-party opinions and the use, of past experience, where available, with the tax authorities in the respective jurisdiction. Additionally we used our own tax specialists' expertise to assess the appropriateness of the key assumptions made by Management.

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management's Responsibility for the Standalone Financial Statements

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

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

In preparing the standalone financial statements, 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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (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.

(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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 Com panies (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 2019 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 36 to the standalone financial statements;

c) Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

Due date	Date of payment	Delays in Days	Amount involved (INR millions)
2 July 2018	20 October 2018	109 days	0.30
24 September 2018	20 October 2018	25 days	0.72

d) The disclosures in the Standalone Ind AS 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 Ind AS Financial Statements since they do not pertain to the financial year ended 31 March 2019

(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

S Sethuraman
Partner
Membership No: 203491

Bengaluru
25 April 2019

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 2019, 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 and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for one immovable property amounting to INR 35 million as at 31 March 2019 for which the Company is in the process of obtaining registration.

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

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

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

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and securities given.

(v) According to information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including 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 except with respect to certain withholding tax dues where there were a few delays.

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 2019, for a period of more than six months from the date they became payable except withholding tax dues amounting to INR 9.1 million.

(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, financial institutions or Government. The Company did not have any borrowings during the year 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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

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

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

S Sethuraman
Partner
Membership No: 203491

Bengaluru
25 April 2019

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Annexure B to the Independent Auditor's Report on the standalone financial statements of Biocon Limited for the year ended 31 March 2019

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 1 (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 Limited ("the Company") as of 31 March 2019 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 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone 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 control with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to standalone financial statements

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

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

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

S Sethuraman
Partner
Membership No: 203491

Bengaluru
25 April 2019

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 (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	4	4	FY 1996 - 97	Supreme Court
Income-Tax Act, 1961	Income Tax	2,803	408	FY 2009-10, FY 2010-11 to FY 2013-14	Income Tax Appellate Tribunal ("ITAT")
Income-Tax Act, 1961	Income Tax	31	31	FY 1997-98, FY 2003-04 to FY 2006-07	High Court of Karnataka
Income-Tax Act, 1961	Income Tax	30	-	FY 2014-15	Assessing Officer
Finance Act, 1994	Service-Tax	101	-	FY 2009-10 to FY 2012-13 and FY 2015-16 to FY 2016-17	Commissioner
Finance Act, 1994	Service-Tax	101	-	FY 2006-07 to FY 2011-12 and FY 2013-14	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT")
Finance Act, 1994	Service-Tax	1	-	FY 2009-10 to FY 2012-13	Additional Commissioner
Finance Act, 1994	Service-Tax	12	-	FY 2014-15	Principal Commissioner
Finance Act, 1994	Service-Tax	13	-	FY 2010-11, FY 2013-14 and FY 2015-16	Commissioner (Appeals)
Finance Act, 1994	Service-Tax	10	-	FY 2015-16 to FY 2016-17	Assistant Commissioner
Entry Tax (The West Bengal Tax on Entry of goods into Local Areas Act, 2012)	Entry Tax	20	-	FY 2012-13 to FY 2016-17	High Court of West Bengal
Value Added Tax Act, 2005	Value Added Tax	1	1	FY 2006-07 and FY 2007-08	Commissioner (Appeals)
Value Added Tax Act, 2005	Value Added Tax	19	3	FY 2008-09 to FY 2014-15	Joint Commissioner Appeals
Central Sales Tax Act 1956	CST	42	-	FY 2010-11, FY 2012-13 and FY 2014-15	Karnataka Appellate tribunal
Central Sales Tax Act 1956	CST	38	1	FY 2008-09 to FY 2014-15	Joint Commissioner Appeals
The Central Excise Act, 1944	Excise Duty	361	53	FY 2005-06 to FY 2009-10 and FY 2011-12 to FY 2013-14	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT")
The Central Excise Act, 1944	Excise Duty	59	-	FY 2007-08 to FY 2013-14	Commissioner (Appeals)
The Customs Act, 1962	Customs duty	45	45	FY 1992-93 to FY 1994-95, FY 2003-04 to FY 2008-09 and FY 2010-11	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT")
The Customs Act, 1962	Customs duty	7	4	FY 2003-04, FY 2005-06, FY 2007-08, FY 2008-09, FY 2010-11 and FY 2011-12	Commissioner (Appeals)

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Balance Sheet as at March 31, 2019

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

	Note	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	10,291	8,341
Capital work-in-progress	3	2,545	3,185
Investment property	4	419	438
Intangible assets	5	301	247
Financial assets			
(i) Investments	6	39,028	37,452
(ii) Loans	7(a)	1,066	2,817
(iii) Other financial assets	8(a)	228	379
Income-tax asset (net)		660	648
Deferred tax asset (net)	18	2,019	1,022
Other non-current assets	9(a)	1,383	2,163
Total non-current assets		**57,940**	**56,692**
Current assets			
Inventories	10	8,019	5,617
Financial assets			
(i) Investments	11	1,134	4,538
(ii) Trade receivables	12	9,018	7,399
(iii) Cash and cash equivalents	13	3,057	891
(iv) Bank balances other than (iii) above	13	503	1,078
(v) Loans	7(b)	918	-
(vi) Other financial assets	8(b)	1,228	759
Other current assets	9(b)	587	295
Total current assets		**24,464**	**20,577**
TOTAL		**82,404**	**77,269**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(a)	3,000	3,000
Other equity	14(b)	68,154	64,386
Total equity		**71,154**	**67,386**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15	14	672
(ii) Other financial liabilities	16(a)	-	7
Provisions	17(a)	248	172
Other non-current liabilities	19(a)	1,055	716
Total non-current liabilities		**1,317**	**1,567**
Current liabilities			
Financial liabilities			
(i) Trade payables	20		
- Total outstanding dues of micro and small enterprises		154	173
- Total outstanding dues of creditors other than micro and small enterprises		6,285	5,624
(ii) Other financial liabilities	16(b)	1,771	1,130
Provisions	17(b)	548	316
Income-tax liability (net)		803	740
Other current liabilities	19(b)	372	333
Total current liabilities		**9,933**	**8,316**
TOTAL		**82,404**	**77,269**

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
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

Statement of Profit and Loss for the year ended March 31, 2019

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

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	21	28,847	24,255
Other income	22	1,175	1,247
Total income		**30,022**	**25,502**
Expenses			
Cost of raw materials and packing materials consumed	23	12,785	9,587
Purchases of traded goods		1,254	925
Changes in inventories of traded goods, finished goods and work-in-progress	24	(1,471)	(18)
Excise duty		-	63
Employee benefits expense	25	5,103	4,086
Finance costs	26	26	10
Depreciation and amortisation expense	27	1,471	1,361
Other expenses	28	7,441	6,479
		26,609	**22,493**
Less: Recovery of cost from co-development partners (net)		(121)	(49)
Total expenses		**26,488**	**22,444**
Profit before tax and exceptional item		3,534	3,058
Exceptional items, net [refer note 41]		1,987	-
Profit before tax		5,521	3,058
Tax expense	33		
Current tax		1,419	606
Deferred tax			
MAT credit entitlement		(684)	62
Other deferred tax		(141)	5
Total tax expense		**594**	**673**
Profit for the year		4,927	2,385
Other comprehensive income/(expense)			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(67)	(11)
Equity investments through other comprehensive income - net change in fair value		109	-
Income tax effect		93	4
		135	**(7)**
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(7)	(89)
Income tax effect		3	31
		(4)	**(58)**
Other comprehensive income for the year, net of taxes		**131**	**(65)**
Total comprehensive income for the year		**5,058**	**2,320**
Earnings per share	31		
Basic (in ₹)		8.33	4.04
Diluted (in ₹)		8.27	4.02

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
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

Statement of Changes in Equity for the year ended March 31, 2019

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

(A) Equity share capital	March 31, 2019	March 31, 2018
Opening balance	3,000	1,000
Issue of bonus shares	-	2,000
Closing balance	**3,000**	**3,000**

(B) Other equity

Particulars	Securities premium	Revaluation reserve	General reserve	Retained earnings	SEZ reinvestment reserve	Share based payment reserve	Treasury shares	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity
Balance at April 01, 2017	**2,908**	**9**	**3,458**	**58,244**	**-**	**440**	**(727)**	**102**	**(23)**	**64,411**
Profit for the year	-	-	-	2,385	-	-	-	-	-	2,385
Other comprehensive income, net of tax	-	-	-	-	-	-	-	(58)	(7)	(65)
Total comprehensive income for the year	**-**	**-**	**-**	**2,385**	**-**	**-**	**-**	**(58)**	**(7)**	**2,320**
Transactions recorded directly in equity										
Issue of bonus shares	(2,000)	-	-	-	-	-	-	-	-	(2,000)
Dividend including dividend distribution tax	-	-	-	(693)	-	-	-	-	-	(693)
Share based payment	-	-	-	-	-	180	-	-	-	180
Purchase of Treasury shares	-	-	-	-	-	-	(102)	-	-	(102)
Transfer to Special Economic Zone ('SEZ') re-investment reserve	-	-	-	(542)	542	-	-	-	-	-
Transfer from SEZ re-investment reserve on utilization	-	-	-	542	(542)	-	-	-	-	-
Exercise of share options	124	-	-	270	-	(124)	-	-	-	270
Balance at March 31, 2018	**1,032**	**9**	**3,458**	**60,206**	**-**	**496**	**(829)**	**44**	**(30)**	**64,386**
Adjustment pursuant to adoption of Ind AS 115, net of tax	-	-	-	(141)	-	-	-	-	-	(141)
Adjusted balance at April 01, 2018	**1,032**	**9**	**3,458**	**60,065**	**-**	**496**	**(829)**	**44**	**(30)**	**64,245**
Profit for the year	-	-	-	4,927	-		-	-	-	4,927
Other comprehensive income, net of tax	-	-	-	-	-		-	(4)	135	131
Total comprehensive income for the year	**-**	**-**	**-**	**4,927**	**-**	**-**	**-**	**(4)**	**135**	**5,058**
Transactions recorded directly in equity										
Dividend including dividend distribution tax	-	-	-	(694)	-	-	-	-	-	(694)
Share based payment	-	-	-	-	-	237	-	-	-	237
Purchase of treasury shares	-	-	-	(694)	-	-	(315)	-	-	(1,009)
Transfer to SEZ reinvestment reserve	-	-	-	(665)	665	-	-	-	-	-
Transfer from SEZ reinvestment reserve on utilisation	-	-	-	665	(665)	-	-	-	-	-
Exercise of share options	139	-	-	317	-	(139)	-	-	-	317
Balance at March 31, 2019	**1,171**	**9**	**3,458**	**63,921**	**-**	**594**	**(1,144)**	**40**	**105**	**68,154**

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
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

Statement of Cash Flows for the year ended March 31, 2019

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

		March 31, 2019	March 31, 2018
I	**Cash flows from operating activities**		
	Profit for the year	4,927	2,385
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation expense	1,471	1,361
	Unrealised foreign exchange (gain)/loss	76	(97)
	Share based compensation expense	173	124
	Provision/(reversal of provision) for doubtful debts, (net)	15	15
	Bad debts written off	2	-
	Interest expense	26	10
	Interest income	(390)	(337)
	Net (gain)/loss on financial assets measured at fair value through profit or loss	27	39
	Profit on fixed assets sold, (net)	(1)	(30)
	Dividend income from subsidiaries	(357)	(145)
	Net gain on sale of investments (including exceptional items)	(2,160)	(291)
	Tax expense	594	673
	Operating profit before working capital changes	**4,403**	**3,707**
	Movements in working capital		
	Decrease/(increase) in inventories	(2,402)	(221)
	Decrease/(increase) in trade receivables	(1,740)	747
	Decrease/(increase) in other assets	214	(513)
	Increase/(decrease) in trade payable, other liabilities and provisions	1,989	709
	Cash generated from operations	**2,464**	**4,429**
	Direct taxes paid (net of refunds)	(1,369)	(877)
	Net cash flow generated from operating activities	**1,095**	**3,552**
II	**Cash flows from investing activities**		
	Purchase of tangible assets	(2,426)	(1,688)
	Payment for intangible assets	(157)	(43)
	Proceeds from sale of fixed assets	4	34
	Loan given to subsidiaries	(2,148)	(2,043)
	Recovery of loans from subsidiaries	1,701	1,149
	Purchase of investments	(32,746)	(8,394)
	Proceeds from sale of investments	33,863	3,418
	Proceeds from sale of investments in subsidiary	2,891	-
	Investment in bank deposits and inter corporate deposits	(1,000)	(1,075)
	Redemption/maturity of bank deposits and inter corporate deposits	2,534	2,530
	Interest received	236	412
	Dividend received on investments in subsidiaries	357	145
	Net cash flow generated from/(used in) investing activities	**3,109**	**(5,555)**
III	**Cash flows from financing activities**		
	Purchase of Treasury shares	(1,009)	(102)
	Exercise of share options	317	270
	Repayment of long-term borrowings	(670)	(11)
	Dividend paid on equity shares including tax thereon	(694)	(693)
	Interest paid	(26)	(10)
	Net cash flow generated from/(used in) financing activities	**(2,082)**	**(546)**

Statement of Cash Flows for the year ended March 31, 2019

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

		March 31, 2019	March 31, 2018
IV	**Net increase/(decrease) in cash and cash equivalents (I + II + III)**	2,122	(2,549)
V	**Effect of exchange differences on cash and cash equivalents held in foreign currency**	44	24
VI	**Cash and cash equivalents at the beginning of the year**	891	3,416
VII	**Cash and cash equivalents at the end of the year (IV + V + VI)**	**3,057**	**891**
	Reconciliation of cash and cash equivalents as per statement of cash flow		
	Cash and cash equivalents (Note 13)		
	Balances with banks - on current accounts	3,048	885
	- on unpaid dividend accounts*	9	6
	Balance as per statement of cash flows	**3,057**	**891**

*The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

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

	Opening balance April 1, 2018	Cash flows	Non-cash movement	Closing balance March 31, 2019
Borrowings (including current maturities)	1,330	(670)	54	714
Interest accured but not due	2	(1)	-	1
Total liabilities from financing activities	**1,332**	**(671)**	**54**	**715**

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
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

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Notes to the standalone financial statements for the year ended March 31, 2019

(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 Limited ("Biocon" or "the Company"), is engaged in the manufacture of biotechnology products and research services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2019. These standalone financial statements were authorised for issuance by the Company's Board of Directors on April 25, 2019.

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 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 standalone financial statements.

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 36 — 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 35 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 30 — Share based payments; and
- Note 2(l) and 33 — Provision for income taxes and related tax contingencies and Evaluation of
- Note 31 — recoverability of deferred tax assets.
- Note 2(j) and 21 — 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, 2019 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 18 and 33 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 36 – impairment of financial assets; and

— Note 17 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 30 – share based payment arrangements;

— Note 4 – investment property; and

— Note 2(a) and 36 – 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 36 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

vi. Treasury shares

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

vii. Cash and cash equivalents

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

Cash dividend to equity holders

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

b. Property, plant and equipment

i. Recognition and measurement

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

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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	
Leasehold land	90 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
- Customer related intangibles 5 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.

Based on technical evaluation and consequent advice, the management believes a period of 25 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties over a period of 25 years on a straight-line basis. The useful life estimate of 25 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years.

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 between entities under common control is accounted for at carrying value.

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

The Company has implemented new standard Ind-AS 115 'Revenue from Contracts with Customers' effective April 1, 2018 using cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The Company has evaluated its open arrangements on out-licensing with reference to upfront non-refundable fees received in earlier periods and concluded that some of the performance obligations may not be distinct and hence would need to be bundled with the subsequent product supply obligations. Accordingly standard is applied retrospectively only to contracts that are not completed as at the date of initial application and comparative information presented for year ended March 31, 2018 has not been restated i.e. it is presented, as previously reported, under Ind-AS 18, Ind-AS 11 and related interpretations. Additionally, the disclosure requirements in Ind-AS 115 have not generally been applied to comparative information.

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. 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.

iv. 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.

v. Dividends

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

vi. Rental income

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

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 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. Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance sheet.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

o. Earnings per share

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

p. Recent Indian Accounting Standards (Ind AS)

Ind AS 116 – Leases

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 'Leases' (New Revenue Standard), which replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will adopt the standard, effective from April 1, 2019. The adoption of this standard is not expected to have a material impact on its standalone financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019 , the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over Income Tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatments, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax base, unused tax losses, unused tax credits and tax rates.

The standard permits two possible method of transition – i) Full retrospective approach- Under this approach, Appendix C will be applied retrospectively to each reporting period presented in accordance with Ind AS 8 – Accounting policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual period beginning on or after April 01, 2019. The Company is in the process of evaluating the impact of the new standard and decide the approach once the said evaluation has been completed.

The effect of adoption of Ind AS 12 Appendix C is not expected to be material in the standalone financial statements.

Amendments to Ind AS 12- Income taxes

On March 30, 2019 , the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarified that an entity shall recognise the income tax consequences of dividend in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19- plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendment require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past of service cost, or a gain or loss on settlement, any reduction in a surplus, even is that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019.The adoption of this amendment is not expected to have a material impact on its standalone financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The adoption of this standard is not expected to have a material impact on its standalone financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The adoption of this standard is not expected to have a material impact on its standalone financial statements.

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

	Land	Buildings	Leasehold improvements	Plant and equipment	Research and development equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
	[Refer note (a)]			[Refer note (b)]					[Refer note (c)]
Gross carrying amount									
At April 01, 2017	564	3,909	6	13,882	1,229	476	50	20,116	2,408
Additions	368	45	-	495	-	18	42	968	1,745
Disposals/transfers	-	(9)	-	-	-	-	(5)	(14)	(968)
Transfer from investment property	-	34	-	-	-	-	-	34	-
Transfer to investment property	(8)	(21)	-	-	-	-	-	(29)	-
At March 31, 2018	**924**	**3,958**	**6**	**14,377**	**1,229**	**494**	**87**	**21,075**	**3,185**
Additions	-	124	-	2,994	115	33	36	3,302	2,662
Disposals/transfers	-	-	-	-	-	-	(13)	(13)	(3,302)
At March 31, 2019	**924**	**4,082**	**6**	**17,371**	**1,344**	**527**	**110**	**24,364**	**2,545**
Accumulated depreciation									
At April 01, 2017	-	1,186	1	9,032	909	317	22	11,467	-
Depreciation for the year	-	164	-	933	76	57	24	1,254	-
Disposals	-	(6)	-	-	-	-	(4)	(10)	-
Transfer from investment property	-	27	-	-	-	-	-	27	-
Transfer to investment property	-	(4)	-	-	-	-	-	(4)	-
At March 31, 2018	**-**	**1,367**	**1**	**9,965**	**985**	**374**	**42**	**12,734**	**-**
Depreciation for the year	-	170	1	1,018	77	58	25	1,349	-
Disposals	-	-	-	-	-	-	(10)	(10)	-
At March 31, 2019	**-**	**1,537**	**2**	**10,983**	**1,062**	**432**	**57**	**14,073**	**-**
Net carrying amount									
At March 31, 2018	**924**	**2,591**	**5**	**4,412**	**244**	**120**	**45**	**8,341**	**3,185**
At March 31, 2019	**924**	**2,545**	**4**	**6,388**	**282**	**95**	**53**	**10,291**	**2,545**

(a) Land includes land held on leasehold basis: Gross carrying amount ₹ 368 (March 31, 2018 - ₹ 368); Net carrying amount ₹ 368 (March 31, 2018 - ₹ 368).

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

(c) Capital work-in-progress mainly comprises new biopharmaceutical manufacturing unit being constructed in India.

(d) Additions to property, plant and equipment includes additions related to research and development amounting to ₹ 152 (March 31, 2018 - ₹ 26).

(e) For details of security on certain property, plant and equipment, refer note 15(a).

(f) Borrowing cost Capitalised during the year amounted to ₹ 3 (March 31, 2018 - ₹ 23).

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4. Investment property

Gross carrying amount	
At April 01, 2017	553
Transfer from property, plant and equipment	29
Transfer to property, plant and equipment	(34)
At March 31, 2018	**548**
Transfer from property, plant and equipment	-
Transfer to property, plant and equipment	-
At March 31, 2019	**548**
Accumulated depreciation	
At April 01, 2017	114
Depreciation for the year	19
Transfer from property, plant and equipment	4
Transfer to property, plant and equipment	(27)
At March 31, 2018	**110**
Depreciation for the year	19
Transfer from property, plant and equipment	-
Transfer to property, plant and equipment	-
At March 31, 2019	**129**
Net carrying amount	
At March 31, 2018	438
At March 31, 2019	**419**

During the year, the Company has recognised rental income of ₹ 115 (March 31, 2018 - ₹ 182) in the statement of profit and loss for investment property.

The fair value of investment property as at March 31, 2019 is ₹ 474 (March 31, 2018 - ₹ 491), based on market observable data.

5. Intangible assets

	Intellectual property rights	Computer software	Marketing and Manufacturing rights	Customer related intangible	Total
Gross carrying amount					
At April 01, 2017	81	249	294	77	701
Additions	-	43	-	-	43
At March 31, 2018	**81**	**292**	**294**	**77**	**744**
Additions	-	157	-	-	157
At March 31, 2019	**81**	**449**	**294**	**77**	**901**
Accumulated amortisation					
As at April 01, 2017	81	125	180	23	409
Amortisation for the year	-	46	27	15	88
At March 31, 2018	**81**	**171**	**207**	**38**	**497**
Amortisation for the year	-	61	30	12	103
At March 31, 2019	**81**	**232**	**237**	**50**	**600**
Net carrying amount					
At March 31, 2018	-	121	87	39	247
At March 31, 2019	**-**	**217**	**57**	**27**	**301**

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6. Non-current investments

	March 31, 2019	March 31, 2018
I. Quoted equity instruments		
In subsidiary company at cost:		
Syngene International Limited - 140,487,386 (March 31, 2018 - 145,217,843) equity shares of ₹ 10 each	26,692	27,591
In others (at fair value through other comprehensive income):		
Vaccinex Inc.,USA - 299,226 (March 31, 2018 -Nil) common stock of USD 0.0001 each	109	-
Total quoted non-current investments	**26,801**	**27,591**
II. Unquoted equity instruments		
In subsidiary companies at cost:		
Biocon Pharma Limited - 14,050,000 (March 31, 2018 - 14,050,000) equity shares of ₹ 10 each	141	141
Biocon Research Limited - 500,000 (March 31, 2018 - 500,000) equity shares of ₹ 1 each	1	1
Biocon SA, Switzerland - 100,000 (March 31, 2018 - 100,000) equity shares of CHF 1 each	4	4
Biocon FZ LLC, UAE - 150 (March 31, 2018 - 150) equity shares of AED 1,000 each	3	3
Biocon Biologics Limited, UK - 116,771,297 (March 31, 2018 - 97,722,710) equity shares of GBP 1 each	10,447	8,716
Biocon Academy - 50,000 (March 31, 2018 - 50,000) equity shares of ₹ 10 each	1	1
Biocon Biologics India Limited - 44,805,424 (March 31, 2018 - Nil) equity shares of ₹ 10 each	448	-
Biocon Healthcare Sdn. Bhd., Malaysia - 1,500,000 (March 31, 2018 - 1,000,000) equity shares of RM 1 each	24	15
Biocon Biologics Limited, UK - equity share application money pending allotment	-	978
In joint venture company at cost:		
NeoBiocon FZ LLC, UAE - 147 (March 31, 2018 - 147) equity shares of AED 1,000 each	2	2
In others:		
Energon KN Wind Power Private Limited - 38,500 (March 31, 2018 - 38,500) equity shares of ₹ 10 each	1	1
Less: Provision for decline, other than temporary, in the value of non current investments	(1)	(1)
Total unquoted investments in equity instruments	**11,071**	**9,861**
III. Unquoted preference shares		
In subsidiary company:		
Biocon Pharma Limited - 189,290,547 shares (March 31, 2018 - Nil)	1,893	-
0.01% Optionally convertible redeemable non-cumulative preference shares of ₹ 10 each fully paid		
Less:- Debt component of financial instrument [refer note 7 (a)]	(737)	-
Total unquoted investments in preference shares in subsidiary company	**1,156**	**-**
In associate company:		
IATRICa Inc., USA - 4,285,714 (March 31, 2018 - 4,285,714) Series A Preferred Stock at US$ 0.70 each, par value US$ 0.00001 each	139	139
Less: Provision for decline, other than temporary, in the value of non-current investments	(139)	(139)
Total unquoted investments in preference shares in associate company	-	-
Others:		
Vaccinex Inc., USA - Nil (March 31, 2018 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, par value US $0.001 each (converted into equity shares during the year)	-	186
Vaccinex Inc., USA - Nil (March 31, 2018 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, par value US $0.001 each (converted into equity shares during the year)	-	32
Less: Provision for decline, other than temporary, in the value of non-current investments	-	(218)
Energon KN Wind Power Private Limited - 14,666 (March 31, 2018 - 14,666)	-	-
Compulsorily Convertible Preference Shares, par value ₹ 100 each	1	1
Less: Provision for decline, other than temporary, in the value of non current investments	(1)	(1)
	-	**-**
Total unquoted investments in preference shares	**1,156**	**-**
Total non-current investments	**39,028**	**37,452**
Aggregate book value of quoted investments	26,801	27,591
Aggregate market value of quoted investments	83,741	86,724
Aggregate value of unquoted investments	12,368	10,220
Aggregate amount of impairment in value of investments	141	359

(a) The Company has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2019	March 31, 2018
7. Loans		
Unsecured considered good		
(a) Non-current		
Loans to related parties [refer note 32]	297	2,817
Debt component of financial instrument [refer note 6 (III)]	769	-
	1,066	**2,817**
(b) Current		
Loan to a related party [refer note 32]	918	-
	918	**-**
Loans to related parties comprise loans to the following:		
(i) Biocon Pharma Limited	293	774
Maximum amount outstanding during the year	1,175	774
(ii) Biocon Biologics India Limited	4	410
Maximum amount outstanding during the year	487	410
(iii) Biocon Research Limited	918	1,633
Maximum amount outstanding during the year	1,707	2,496
8. Other financial assets		
(a) Non-current		
Fair value of hedging instruments	28	6
Deposits	200	182
Other receivables from related parties -(considered good - Unsecured) [refer note 32]	-	191
	228	**379**
(b) Current		
Fair value of hedging instruments	22	59
Interest accrued but not due	38	78
Other receivables (considered good - Unsecured) from:		
Related parties [refer note 32]	1,167	612
Others	1	10
	1,228	**759**
9. Other assets		
(a) Non-current		
Capital advances	168	160
Duty drawback receivable	80	217
Balances with statutory/government authorities	1,132	1,780
Prepayments	3	6
	1,383	**2,163**
(b) Current		
Advance to suppliers	224	163
Prepayments	363	132
	587	**295**
10. Inventories		
Raw materials, including goods-in-bond*	1,834	1,147
Packing materials	674	430
Work-in-progress	3,361	2,423
Finished goods	1,941	1,325
Traded goods	209	292
	8,019	**5,617**

* includes goods in-transit ₹ 83 (March 31, 2018 - ₹ 12)

Write-down of inventories to net realisable value amounted to ₹ 23 (March 31, 2018 - ₹ 12). 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, 2019	March 31, 2018
11. Current investments		
Quoted -Investment in mutual funds		
Kotak Liquid Direct Plan Growth 20,287 units (March 31, 2018: Nil units)	77	-
Reliance Liquid Fund - Direct Plan - Growth Plan 4,715 units (March 31, 2018: Nil units)	22	-
Reliance Money Market Fund - Direct Growth Plan - Growth Option 17,685 units (March 31, 2018: Nil units)	50	-
SBI Liquid Fund Direct Growth 24,914 units (March 31, 2018: Nil units)	73	-
HDFC Liquid Fund - Direct Plan - Growth Option 22,895 units (March 31, 2018: Nil Units)	84	-
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan 68,887 units (March 31, 2018: Nil Units)	21	-
Aditya Birla sun Life Money Manager Fund - Growth - Direct Plan 199,535 units (March 31,2018: Nil units)	50	-
Axis Liquid Fund - Direct Growth 39,749 units (March 31, 2018: 95,973 units)	82	185
DHFL Pramerica Insta Cash Plus Fund - Growth Nil units (March 31, 2018: 975,628 units)	-	220
DSP BlackRock Liquidity Fund- Growth Nil units (March 31, 2018: 185,067 units)	-	460
ICICI Prudential Liquid Fund - Growth 279,232 units (March 31, 2018: 2,800,127 units)	77	673
ICICI Prudential Liquid Fund - Growth - Regular Nil units (March 31, 2018: 418,173 units)	-	100
Invesco India Liquid Fund - Growth Nil units (March 31, 2018 - 266,929 units)	-	639
Invesco India Liquid Fund - Daily Dividend Nil units (March 31, 2018: 102,502 units)	-	103
Tata Money Market Fund - Growth Nil units (March 31, 2018: 114,178 units)	-	311
Aditya Birla Sun Life Liquid Fund - Daily Dividend Reinvestment - Direct Plan 109,796 units (March 31, 2018: Nil Units)	12	-
UTI Liquid Cash Plan - Direct Growth Plan 28,187 units (March 31, 2018: 172,751 units)	86	337
UTI Liquid Fund Cash Plan - Daily Dividend Reinvestment Nil units (March 31, 2018: 51,347 units)	-	51
	634	**3,079**
Unquoted		
In others:		
(a) Inter corporate deposits with financial institutions		
HDFC Limited - interest rate 7.95% p.a compounded quarterly; maturing on May 30, 2019	500	-
(b) Debentures & Bonds:		
LIC Housing Finance Co Ltd - Nil (March 31, 2018 - 700) 7.51% bonds at ₹ 1,001,120 each, par value ₹ 1,000,000 each	-	701
HDFC Limited - Nil (March 31, 2018 - 75) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	-	758
	500	1,459
	1,134	**4,538**
Aggregate value of quoted investments	634	3,079
Aggregate value of unquoted investments	500	1,459
12. Trade receivables		
(a) Trade Receivables considered good - Unsecured [refer note 32]	9,018	7,399
(b) Trade Receivables - credit impaired	88	73
	9,106	7,472
Allowance for credit loss	(88)	(73)
	9,018	**7,399**
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of board of directors.	3	13

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 36.

	March 31, 2019	March 31, 2018
13. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	3,048	885
On unpaid dividend account	9	6
Total cash and cash equivalents	**3,057**	**891**
Other bank balances		
Deposits with maturity of less than 12 months	500	1,075
Margin money deposit [refer note (a) below]	3	3
Total other bank balances	**503**	**1,078**
Total cash and bank balances	**3,560**	**1,969**

(a) Margin money deposits with carrying amount of ₹ 3 (March 31, 2018 - ₹ 3) are subject to first charge against bank guarantees obtained.

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

	March 31, 2019	March 31, 2018
14(a). Equity share capital		
Authorised		
600,000,000 (March 31, 2018 - 600,000,000) equity shares of ₹ 5 each (March 31, 2018 - ₹ 5 each)	3,000	3,000
Issued, subscribed and fully paid-up		
600,000,000 (March 31, 2018 - 600,000,000) equity shares of ₹ 5 each (March 31, 2018 - ₹ 5 each)	3,000	3,000

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

Equity shares	March 31, 2019		March 31, 2018	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	600,000,000	3,000	200,000,000	1,000
Issue of bonus shares	-	-	400,000,000	2,000
Outstanding at the end of the year	**600,000,000**	**3,000**	**600,000,000**	**3,000**

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 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.

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

	March 31, 2019		March 31, 2018	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr Kiran Mazumdar-Shaw	237,862,692	39.64%	237,862,692	39.64%
Glentec International Limited	118,605,582	19.77%	118,605,582	19.77%

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

iv) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

Particulars	Year ended March 31				
	2019	2018	2017	2016	2015
Equity shares of ₹ 5 each	-	400,000,000	-	-	-

The Company had allotted 400,000,000 equity shares of ₹ 5 each fully paid up as bonus shares on June 19, 2017 in the ratio of 2:1 (two equity shares of ₹ 5 each for every one equity share of ₹ 5 each held in the Company as on the record date i.e. June 17, 2017) by capitalisation of securities premium account.

14(b). Other equity

Securities premium

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

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Retained earnings

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

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.

Share based payment reserve

The Company has established equity settled share based payment plans for certain categories of employees of the Company. Refer note 30 for further details on these plans.

Treasury shares

Own equity instruments that are reacquired [treasury shares] are recognised at cost and disclosed as deducted from equity.

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.

15. Long-term borrowings

	March 31, 2019	March 31, 2018
Loans from banks (secured)		
Term loan [refer Note (a) below]	693	1,302
Other loans and advances (unsecured)		
Financial assistance from DST [refer Note (b) below]	21	28
	714	1,330
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(700)	(658)
	14	**672**
The above amount includes		
Secured borrowings	693	1,302
Unsecured borrowings	21	28
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(700)	(658)
Net amount	**14**	**672**

(a) During the year ended March 31, 2016, the Company had obtained an external commercial borrowing facility of USD 20 million from a bank. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility with a carrying amount of ₹ 2,002. The long-term loan is repayable in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carries an interest rate of LIBOR + 0.81% p.a. During the year ended March 31, 2016, the Company had entered into interest rate swap to convert floating rate to fixed rate.

(b) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3% p.a. The Company is required to utilise the funds for the specified projects and is required to obtain prior approvals from the said authorities for disposal of assets/Intellectual property rights acquired/developed under the above programmes.

The Company's exposure to liquidity, interest rate and currency risks are disclosed in note 36.

16. Other financial liabilities

	March 31, 2019	March 31, 2018
(a) Non-current		
Fair value of hedging instruments	-	5
Interest accrued but not due	-	2
	-	**7**
(b) Current		
Current maturities of long-term borrowings [refer note 15]	700	658
Unpaid dividends	9	6
Payables for capital goods	698	454
Interest accrued but not due	1	-
Book overdraft	356	-
Fair value of hedging instruments	7	12
	1,771	**1,130**

	March 31, 2019	March 31, 2018
17. Provisions		
(a) Non-current		
Provision for employee benefits		
Gratuity [refer note 35]	248	172
	248	**172**
(b) Current		
Provision for employee benefits		
Gratuity [refer note 35]	135	95
Compensated absences	277	85
Provision for sales return	136	136
	548	**316**

(i) Movement in provisions	Gratuity	Compensated absences	Sales return
Opening balance	267	85	136
Provision recognised/(utilised) during the year	116	192	-
Closing balance	**383**	**277**	**136**

	March 31, 2019	March 31, 2018
18. Deferred tax liability/(assets) (net)		
Deferred tax liability		
Property, plant and equipment, investment property and intangible assets	546	551
Derivative asset	15	15
Gross deferred tax liability	**561**	**566**
Deferred tax assets		
Employee benefit obligations	229	124
Allowance for doubtful debts	31	26
Other disallowable expenses	187	179
Deferred revenue	92	-
MAT credit entitlement	1,816	1,132
Others	225	127
Gross deferred tax assets	**2,580**	**1,588**
Net deferred tax liability/(assets)	**(2,019)**	**(1,022)**
19. Other liabilities		
(a) Non-current		
Deferred revenues	1,055	716
	1,055	**716**
(b) Current		
Deferred revenues	140	99
Advances from customers	87	132
Statutory taxes and dues payable	145	102
	372	**333**

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20. Trade payables

	March 31, 2019	March 31, 2018
Trade payables [refer note (a) below and note 32]		
Total outstanding dues of micro and small enterprises	154	173
Total outstanding dues of creditors other than micro and small enterprises	6,285	5,624
Trade payables	**6,439**	**5,797**
(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	154	173
Interest due on the above	2	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	546	641
(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	9	-
(iv) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(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	52	41

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.

(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 36.

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	Year ended March 31, 2019	Year ended March 31, 2018
21. Revenue from operations		
Sale of products		
Finished goods	24,240	20,529
Traded goods	2,152	1,582
Sale of services		
Licensing and development fees	10	42
Other operating revenue		
Sale of process waste	151	125
Others [refer note (a) below]	2,294	1,977
Revenue from operations	**28,847**	**24,255**

(a) Others include processing charges, rentals and cross charge of power and other facilities by the SEZ Developer/SEZ unit of the Company.

	Year ended March 31, 2019
21.1 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	12,672
Brazil	2,792
United States of America	1,987
Mexico	1,131
Rest of the world	7,820
	26,402
Revenue from other sources	
Other operating revenue	2,445
	2,445
Total revenue from operations	**28,847**
Geographical revenue is allocated based on the location of the customers.	

	March 31, 2019
21.2 Changes in contract liabilities- Licensing arrangements:	
Balance at the beginning of the year	-
Add:- Adjustment in opening reserve on transition to Ind AS 115	217
Add:- Increase due to invoicing during the year	17
Less:- Revenue recognised that was included in the deferred revenue at the beginning of the year	-
Less:- Amounts recognised as revenue during the year	(10)
Balance at the end of the year	**224**
Expected revenue recognisation from remaining performance obligations:	
- Within one year	22
- More than one year	202
	224

21.3 Contract balances

Trade receivables	9,018
Contract liabilities	224

Trade receivables are non-interest bearing.

Contract liabilities include deferred revenue.

21.4 Performance obligation:

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

21.5 Effects on adoption of Ind AS 115

Pursuant to the requirements of Ind AS 115: Revenues from Contracts with Customers, the Company evaluated its open arrangements on out-licensing with reference to upfront non-refundable fees received in earlier periods and concluded that some of the performance obligations may not be distinct and hence would need to be bundled with the subsequent product supply obligations.

Accordingly, the Company has recognised an incremental deferred revenue relating to such open contracts. The adoption of this standard and the consequential impact on change in some of the licensing arrangements did not have a material impact on the Revenue from Operations and statement of profit and loss for the year ended March 31, 2019. The cumulative effect of transition recorded as of April 1, 2018 on retained earnings and financial position is stated in below table:

	As at April 01, 2018
Deferred revenue	217
Deferred tax asset on above	(76)
Retained earning	**141**

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	Year ended March 31, 2019	Year ended March 31, 2018
22. Other income		
Interest income on:		
Deposits with banks and financial institutions	159	71
Others	231	266
Dividend income from		
Subsidiary and associate	357	145
Net gain on sale of current investments	173	291
Profit on fixed assets sold, (net)	1	30
Foreign exchange gain, net	139	174
Other non-operating income	115	270
	1,175	**1,247**
23. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,577	1,374
Add: Purchases	13,716	9,790
Less: Inventory at the end of the year	(2,508)	(1,577)
Cost of raw materials and packing materials consumed	**12,785**	**9,587**
24. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	292	223
Finished goods	1,325	1,305
Work-in-progress	2,423	2,494
	4,040	**4,022**
Inventory at the end of the year		
Traded goods	209	292
Finished goods	1,941	1,325
Work-in-progress	3,361	2,423
	5,511	**4,040**
	(1,471)	**(18)**
25. Employee benefits expense		
Salaries, wages and bonus	4,346	3,464
Contribution to provident and other funds	206	159
Gratuity [refer note 35]	54	46
Share based compensation expense [refer note 30]	173	124
Staff welfare expenses	324	293
	5,103	**4,086**
26. Finance costs		
Interest expense on financial liability measured at amortised cost	26	10
	26	**10**
27. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3 and 4]	1,368	1,273
Amortisation of intangible assets [refer note 5]	103	88
	1,471	**1,361**

	Year ended March 31, 2019	Year ended March 31, 2018
28. Other expenses		
Royalty and technical fees	97	53
Rent	14	24
Communication expenses	36	36
Travelling and conveyance	355	310
Professional charges	338	299
Payments to auditors [refer note (a) below]	7	6
Directors' fees including commission	30	18
Power and fuel	2,018	1,610
Insurance	59	54
Rates, taxes and fees	142	175
Lab consumables	255	255
Repairs and maintenance		
Plant and machinery	770	642
Buildings	177	142
Others	386	335
Selling expenses		
Freight outwards and clearing charges	341	219
Sales promotion expenses	448	477
Commission and brokerage (other than sole selling agents)	180	5
Bad debts written off	2	-
Provision/(reversal) for doubtful debts, net	15	15
Net loss on financial assets measured at fair value through profit or loss	27	39
Printing and stationery	45	35
Research and development expenses [refer note 29]	1,530	1,547
CSR expenditure [refer note 40]	84	88
Miscellaneous expenses	85	95
	7,441	**6,479**
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	4	3
Tax audit fee	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees)	1	1
Reimbursement of out-of-pocket expenses [refer note (b) below]	-	-
	7	**6**

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

29. Research and development expenses			
Research and development expenses	(a)	1,530	1,547
Other Research and development expenses included in other heads of account:			
Salaries, wages and bonus		213	198
Contribution to provident and other funds		11	10
Staff welfare expenses		2	2
Lab consumables		255	255
Travelling and conveyance		2	2
Printing and stationery		1	1
	(b)	484	468
	(a+b)	2,014	2,015
Less: Recovery of product development costs from co-development partners (net)		(121)	(49)
		1,893	**1,966**

30. Employee stock compensation

(a) Biocon ESOP Plan

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries / joint venture company. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	670,497	126	1,487,586	119
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(149,250)	122
Exercised during the year	(369,622)	120	(615,339)	111
Expired during the year	-	-	(52,500)	90
Outstanding at the end of the year	300,875	134	670,497	126
Exercisable at the end of the year	114,875	113	180,747	105
Weighted average remaining contractual life (in years)	0.8	-	1.7	-
Range of exercise prices for outstanding options at the end of year	91-157	-	80-157	-

Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,716,050	157	2,883,714	157
Granted during the year	-	-	-	-
Forfeited during the year	(1,125)	157	(226,125)	157
Exercised during the year	(1,047,875)	157	(936,475)	157
Expired during the year	-	-	(5,064)	157
Outstanding at the end of the year	667,050	157	1,716,050	157
Exercisable at the end of the year	667,050	157	459,989	157
Weighted average remaining contractual life (in years)	0.4	-	1.4	-
Weighted average fair value of options granted (₹)	-	-	-	-
Range of exercise prices for outstanding options at the end of year	157	-	157-166	-

Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	3,102,725	161	3,660,600	161
Granted during the year	90,000	178	105,000	194
Forfeited during the year	(491,625)	155	(477,750)	154
Exercised during the year	(386,900)	154	(185,125)	155
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,314,200	160	3,102,725	161
Exercisable at the end of the year	91,200	152	24,725	152
Weighted average remaining contractual life (in years)	3.2	-	4.2	-
Weighted average fair value of options granted (₹)	74	-	80	-
Range of exercise prices for outstanding options at the end of year	138-247	-	138-247	-

Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing price as per National Stock Exchange as on the last day of the month preceding the month of first grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	727,500	161	784,500	153
Granted during the year	30,000	142	90,000	215
Forfeited during the year	(72,000)	115	(31,500)	152
Exercised during the year	(165,000)	152	(115,500)	152
Expired during the year	-	-	-	-
Outstanding at the end of the year	520,500	162	727,500	161
Exercisable at the end of the year	78,000	152	66,750	154
Weighted average remaining contractual life (in years)	2.3	-	3.2	-
Weighted average fair value of options granted (₹)	59	-	89	-
Range of exercise prices for outstanding options at the end of year	142-247	-	151-247	-

Grant IX

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,745,000	183	1,402,500	165
Granted during the year	1,920,000	316	1,695,000	194
Forfeited during the year	(761,250)	200	(352,500)	165
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,903,750	244	2,745,000	183
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	5.8	-	7.9	-
Weighted average fair value of options granted (₹)	407	-	242	-
Range of exercise prices for outstanding options at the end of year	138-346	-	138-315	-

Grant X

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,485,750	163	611,250	131
Granted during the year	1,353,750	302	945,000	182
Forfeited during the year	(219,000)	228	(28,500)	146
Exercised during the year	(154,065)	153	(42,000)	130
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,466,435	234	1,485,750	163
Exercisable at the end of the year	90,060	155	20,625	139
Weighted average remaining contractual life (in years)	3.6	-	3.9	-
Weighted average fair value of options granted (₹)	370	-	213	-
Range of exercise prices for outstanding options at the end of year	124-330	-	124-307	-

*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2019 is ₹ 626 (March 31, 2018 - ₹ 428) per share.

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

Particulars	March 31, 2019	March 31, 2018
Weighted Average Exercise Price	142-346	153-315
Expected volatility	32.3% to 35.6%	30.3% to 34.5%
Historical volatility	34.8%	35.3%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Average risk-free interest rate	7.6%	6.9%
Expected dividend rate	0.9%	1.1%

Expected volatility is based on historical volatility of the market price of the Company's publicly traded equity shares during the expected term of the option grant.

(b) RSU Plan 2015

On March 11, 2015, Biocon's Remuneration Committee approved the Biocon - Restricted Stock Units (RSUs) of Syngene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries other than Syngene. The Remuneration Committee administers the plan through a trust, called the Biocon Limited Employee Welfare Trust. For this purpose, on March 31, 2015, the Company transferred 2,000,000 equity shares of Syngene to Biocon Limited Employees Welfare Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,049,394	-	1,296,552	-
Granted during the year	-	-	122,619	-
Forfeited during the year	(71,747)	-	(172,424)	-
Exercised during the year	(195,516)	-	(197,353)	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	782,131	-	1,049,394	-
Exercisable at the end of the year	116,398	-	69,958	-
Weighted average remaining contractual life (in years)	2.7	-	3.4	-
Weighted average fair value of options granted (₹)	-		502	

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

Particulars	March 31, 2019	March 31, 2018
Weighted Average Exercise Price	-	-
Expected volatility	-	47.6%-52.9%
Life of the options granted (vesting and exercise period) in years	-	5.0-6.5
Average risk-free interest rate	-	6.9%
Expected dividend rate	-	0.3%

(b) RSU Plan 2019

On January 7, 2019, Biocon's Nomination and Remuneration Committee ('NRC') and the Board of Directors approved the Biocon Biologics - Restricted Stock Units (RSUs) of Biocon Biologics India Limited ('RSU Plan 2019') for grant of RSUs to employees of the Group. The NRC administers the plan though a trust called, Biocon Limited Employee Welfare Trust. As on March 31, 2019, the Company is in process of transferring equity shares of Biocon Biologics India Limited to Biocon Limited Employee Welfare Trust.

The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year, respectively, from the date of grant or from the date of occurrence of certain future events, whichever is later, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. The RSU's were granted with an exercise price of ₹ 10 per option.

Particulars	March 31, 2019	
	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-
Granted during the year	1,682,750	10
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	1,682,750	10
Exercisable at the end of the year	-	-
Weighted average remaining contractual life (in years)	6.8	-
Weighted average fair value of options granted (₹)	10	

In addition to the above grants, the Company during the year also sold 718,096 shares of Biocon Biologics India Limited (subject to certain restrictions based on future liquidity events) to certain senior management personnel. Also refer Note 32 for related party transactions.

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

Particulars	March 31, 2019
Weighted Average Exercise Price	10
Expected volatility	32.3% to 35.6%
Life of the options granted (vesting and exercise period) in years	7
Average risk-free interest rate	7.6%
Expected dividend rate	0%

Particulars	March 31, 2019	March 31, 2018
Summary of movement in respect of shares held by ESOP Trust is as follows:		
Opening balance	9,005,047	10,589,610
Add: Shares purchased by the ESOP trust	1,703,639	309,876
Less: Shares exercised by employees	(2,123,462)	(1,894,439)
Closing balance	8,585,224	9,005,047
Options granted and eligible for exercise at end of the year	1,041,185	752,836
Options granted but not eligible for exercise at end of the year	9,131,625	9,694,686
Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:		
Opening balance	1,791,905	1,989,258
Less: Shares exercised by employees	(195,516)	(197,353)
Closing balance	1,596,389	1,791,905
Options granted and eligible for exercise at end of the year	116,398	69,958
Options granted but not eligible for exercise at end of the year	665,733	979,436

	March 31, 2019	March 31, 2018
31. Earnings per share (EPS)		
Earnings		
Profit for the year	4,927	2,385
Shares		
Basic outstanding shares	600,000,000	600,000,000
Less: Weighted average shares held with the ESOP Trust	(8,321,693)	(10,051,402)
Weighted average shares used for computing basic EPS	591,678,307	589,948,598
Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	3,886,595	3,965,858
Weighted average shares used for computing diluted EPS	595,564,902	593,914,456
Earnings per share		
Basic (in ₹)	8.33	4.04
Diluted (in ₹)	8.27	4.02

32. Related party transactions

List of related parties:

Particulars	Nature of relationship
Key management personnel	
Kiran Mazumdar-Shaw	Chairperson & Managing Director
John Shaw	Vice-Chairman & Director (w.e.f Jan 12, 1998 upto July 01, 2017)
Arun Chandavarkar	Joint Managing Director & CEO
Siddharth Mittal	President - Finance & Chief Financial Officer
Satish Kumar S S	Company Secretary (w.e.f Sep 01, 2018 upto March 15, 2019)
Rajiv Balakrishnan	Company Secretary (w.e.f. Jan 24, 2017 upto March 2, 2018)
Russell Walls	Independent director
Daniel M Bradbury	Independent director
Jeremy M Levin	Independent director
Mary Harney	Independent director
Vijay K Kuchroo	Independent director
M Damodaran	Independent director
Bobby K Parikh	Independent director
John Shaw	Non-executive director (w.e.f July 1, 2017)
Ravi Mazumdar	Non-executive director
Subsidiaries	
Syngene International Limited	Subsidiary
Biocon Research Limited	Wholly-owned subsidiary
Biocon Pharma Limited	Wholly-owned subsidiary
Biocon Biologics India Limited	Wholly-owned subsidiary [refer note (a) below]
Biocon Academy	Wholly-owned subsidiary
Biocon SA	Wholly-owned subsidiary
Biocon Biologics Limited	Wholly-owned subsidiary
Biocon FZ LLC	Wholly-owned subsidiary
Biocon Healthcare Sdn Bhd	Wholly-owned subsidiary
Biocon Pharma Inc	Wholly-owned subsidiary of Biocon Pharma Limited
Biocon Sdn.Bhd.	Wholly-owned subsidiary of Biocon Biologics Limited
Bicara Therapeutics Inc.	Wholly-owned subsidiary of Biocon Pharma Limited
Biocon Pharma Ireland Limited	Wholly-owned subsidiary of Biocon Pharma Limited
Biocon Pharma UK Limited	Wholly-owned subsidiary of Biocon Pharma Limited
Joint Ventures	
NeoBiocon FZ LLC	Joint-venture
Other related parties	
Biocon Foundation	Trust in which key management personnel are the Board of Trustees
Mazumdar Shaw Medical Foundation	Trust in which key management personnel are the Board of Trustees
Glentec International Limited	Enterprise owned by key management personnel
Catherine Rosenberg	Relative of director
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
P K Associates	Proprietary firm of relative of director
Jeeves	Enterprise in which relative to a director of the Company is proprietor

(a) The Company holds 98% shares, and voting rights over 100% of the share capital of Biocon Biologics India Limited (BBIL).

The Company has the following related parties transactions

Particulars	Transaction / Balances	March 31, 2019	March 31, 2018
Key management personnel	Salary and perquisites [refer note (d) & (e) below]	90	93
	Sitting fees and commission	30	18
	Sale of Vehicle	1	-
	Sale of equity shares of Biocon Biologics India Limited	3	-
	Outstanding as at the year end:		
	- Trade and other payables	3	4
Subsidiaries	Sale of goods/other products	2,686	453
	Rent income [refer note (b) below]	115	120
	Dividend income	141	145
	Cross charges towards facility and other expenses	2,462	1,842
	Interest income	194	157
	Expenses incurred on behalf of the related party	245	191
	Guarantee income	30	30
	Research services received	1,272	871
	Purchase of goods	818	5
	Purchase of export incentive scrips	33	181
	Royalty expense	74	32
	Professional charges	49	-
	CSR expenditure	43	40
	Expenses incurred by related party on behalf of the Company [refer note (a) below]	14	2
	Funding paid towards Property, plant and equipment	67	-
	Funding received towards Property, plant and equipment	282	-
	Investment in equity shares	1,218	5,276
	Investment in preference shares	1,893	-
	Loans given, net [refer note (g) below]	-	988
	Repayment of Loans , net [refer note (g) below]	1,602	290
	Outstanding as at the year end:		
	- Trade and other receivables	3,725	1,858
	- Trade and other payables	666	489
	- Loans receivable [refer note (g) below]	1,215	2,817
	Guarantee given on behalf of related party to Customs & Excise Department ('CED')	14,826	13,611
Joint venture	Sale of goods	5	18
	Expenses incurred on behalf of the related party	1	1
	Dividend income	216	-
	Outstanding as at the year end:		
	- Trade and other receivables	2	14
Other related parties	Sale of goods	83	72
	CSR expenditure	41	48
	Other expenses	32	28
	Expenses towards Scientific and Research services	2	-
	Sale of equity shares of Biocon Biologics India Limited	-*	-
	Outstanding as at the year end:		
	- Trade and other receivables	3	13
	- Trade and other payables	-	1

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

(a) Expenses incurred on behalf of the related party include ESOP cost and amount paid on behalf to vendors.

(b) The Company's SEZ Developer division has entered into agreements to lease land and provide certain facilities such as power, utilities etc. to SEZ units of Biocon Research Limited, Biocon Pharma Limited and Syngene International Limited, in respect of which the Company recovers rent and facilities usage charges.

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

(d) 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 Company as a whole.

(e) Share based compensation expense allocable to key management personnel is ₹ 8 (March 31, 2018 - ₹ 22), which is not included in the remuneration disclosed above.

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

(g) The loans to related parties is presented net of repayments due to multiple transactions.

33. Tax expense

		March 31, 2019	March 31, 2018
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	1,419	606
	Deferred tax expense/(income) related to:		
	Origination and reversal of temporary differences	(141)	5
	MAT credit entitlement	(684)	62
	Tax expense for the year	**594**	**673**
(b)	**Reconciliation of effective tax rate**		
	Profit before tax and exceptional items	3,534	3,058
	Add: Exceptional items, net	1,987	-
	Profit before tax	5,521	3,058
	Tax at statutory income tax rate 34.94% (March 31, 2018 - 34.61%)	1,929	1,058
	Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
	Weighted deduction on research and development expenditure	(338)	(294)
	Exempt income and other deductions	(374)	(324)
	Non-deductible expense	89	97
	Income from sale of investments, exempt from tax	(694)	-
	Basis difference that will reverse during the tax holiday period	(47)	11
	Others	29	125
	Income tax expense	**594**	**673**
(c)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	230	238
	Potential tax impact	23	24
	Expiry date [Financial Year]	2022-23 to 2023-24	2022-23 to 2023-24

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(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, 2019	Opening balance	Recognised in retained earning	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax liability					
Property, plant and equipment, investment property and intangible assets	551	-	(5)	-	546
Derivative assets	15	-	-	-	15
Gross deferred tax liability	**566**	**-**	**(5)**	**-**	**561**
Deferred tax assets					
Defined benefit obligations	124	-	102	3	229
Allowance for doubtful debts	26	-	5	-	31
Other disallowable expenses	179	-	8	-	187
MAT credit entitlement	1,132	-	684	-	1,816
Deferred revenue	-	76	16	-	92
Others	127	-	5	93	225
Gross deferred tax assets	**1,588**	**76**	**820**	**96**	**2,580**
	1,022	**76**	**825**	**96**	**2,019**

For the year ended March 31, 2018	Opening balance	Recognised in retained earning	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax liability					
Property, plant and equipment, investment property and intangible assets	523	-	28	-	551
Derivative assets	46	-	-	(31)	15
Gross deferred tax liability	**569**	**-**	**28**	**(31)**	**566**
Deferred tax assets					
Defined benefit obligations	110	-	10	4	124
Allowance for doubtful debts	20	-	6	-	26
Other disallowable expenses	169	-	10	-	179
MAT credit entitlement	1,194	-	(62)	-	1,132
Others	130	-	(3)	-	127
Gross deferred tax assets	**1,623**	**-**	**(39)**	**4**	**1,588**
	1,054	**-**	**(67)**	**35**	**1,022**

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34. Contingent liabilities and commitments

(to the extent not provided for)

	March 31, 2019	March 31, 2018
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	3,390	3,295
The above includes:		
(i) Direct taxation	2,177	1,976
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty, service tax, VAT and CST)	808	925
(iii) Other matters	405	394

In light of recent judgment of Honorable Supreme Court dated 28, February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence, it is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

Other than the matter disclosed above, the Company is involved in taxation and other 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 claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

	March 31, 2019	March 31, 2018
(b) Guarantees		
(i) Corporate guarantees given in favour of the Central Excise Department in respect of certain performance obligations of the subsidiaries		
Syngene International Limited	148	148
(ii) Corporate guarantees given in favour of banks towards loans obtained by subsidiaries/step-down subsidiaries		
Biocon Sdn. Bhd.	10,726	11,614
Biocon Pharma Limited	1,387	1,302
Biocon Biologics India Limited	2,565	547
Total	**14,678**	**13,463**
(iii) Guarantees given by banks on behalf of the Company for contractual obligations of the Company. The necessary terms and conditions have been complied with and no liabilities have arisen.	34	19
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,041	1,052
(b) Operating lease commitments		
Where the Company is a lessee:		
(i) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period upto January, 2023. Gross rental expenses for the year aggregate to ₹ 6 (March 31, 2018 - ₹ 5).		
The committed lease rentals in future are as follows:		
Not later than one year	11	1
Later than one year and not later than five years	26	2

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35. 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 funded plan and the Company makes contributions to a recognised fund in India.

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2018	322	(55)	267
Current service cost	35	-	35
Interest expense/(income)	23	(4)	19
Amount recognised in Statement of profit and loss	**58**	**(4)**	**54**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Actuarial (gain)/loss arising from:			
Financial assumptions	8	-	8
Experience adjustment	59	-	59
Amount recognised in other comprehensive income	**67**	**-**	**67**
Employers contribution	(5)	-	(5)
Benefits paid	(10)	10	-
Balance as at March 31, 2019	**432**	**(49)**	**383**
Balance as on April 01, 2017	279	(58)	221
Current service cost	31	-	31
Interest expense/(income)	19	(4)	15
Amount recognised in Statement of profit and loss	**50**	**(4)**	**46**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
Actuarial (gain)/loss arising from:			
Financial assumptions	(8)	-	(8)
Experience adjustment	18	-	18
Amount recognised in other comprehensive income	**10**	**1**	**11**
Employers contribution	-	(11)	(11)
Benefits paid	(17)	17	-
Balance as at March 31, 2018	**322**	**(55)**	**267**

	March 31, 2019	March 31, 2018
Non-current	248	172
Current	135	95
	383	**267**

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

	March 31, 2019	March 31, 2018
Interest rate	7.0%	7.4%
Discount rate	7.0%	7.4%
Expected return on plan assets	7.0%	7.4%
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 6 years (March 31, 2018 - 6 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, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(20)	22	(15)	16
Salary increase (1% change)	22	(20)	16	(15)
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.

As of March 31, 2019 and March 31, 2018, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2020, is approximately ₹ 88 (March 31, 2019 - ₹ 55).

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	88
2nd Following year	45
3rd Following year	48
4th Following year	42
5th Following year	46
Years 6 to 10	168
Years 11 and above	225

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36. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

March 31, 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	109	38,919*	39,028	109	-	-	109
Loans	-	-	1,984	1,984	-	-	-	-
Current investments	634	-	500	1,134	634	-	-	634
Trade receivables	-	-	9,018	9,018	-	-	-	-
Cash and bank balances	-	-	3,560	3,560	-	-	-	-
Other financial asset	-	50	1,406	1,456	-	50	-	50
	634	**159**	**55,387**	**56,180**	**743**	**50**	**-**	**793**
Financial liabilities								
Borrowings	-	-	714	714	-	-	-	-
Trade payables	-	-	6,439	6,439	-	-	-	-
Other financial liabilities	-	7	1,064	1,071	-	7	-	7
	-	**7**	**8,217**	**8,224**	**-**	**7**	**-**	**7**

March 31, 2018	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	-	37,452*	37,452	-	-	-	-
Loans	-	-	2,817	2,817	-	-	-	-
Current investments	3,079	-	1,459	4,538	3,079	-	-	3,079
Trade receivables	-	-	7,399	7,399	-	-	-	-
Cash and bank balances	-	-	1,969	1,969	-	-	-	-
Other financial asset	-	65	1,073	1,138	-	65	-	65
	3,079	**65**	**52,169**	**55,313**	**3,079**	**65**	**-**	**3,144**
Financial liabilities								
Borrowings	-	-	1,330	1,330	-	-	-	-
Trade payables	-	-	5,797	5,797	-	-	-	-
Other financial liabilities	-	17	462	479	-	17	-	17
	-	**17**	**7,589**	**7,606**	**-**	**17**	**-**	**17**

* at cost

B. Measurement of fair values

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

Sensitivity analysis

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

Significant observable inputs	March 31, 2019 Profit or (loss)		March 31, 2018 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(4)	4	(7)	7
Interest rates (100 bps movement)	(6)	6	(33)	33

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.

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 9,018 (March 31, 2018: ₹ 7,399). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	March 31, 2019	March 31, 2018
Opening balance	73	58
Impairment loss recognised	17	15
Impairment loss reversed	(2)	-
Closing balance	**88**	**73**

Receivable from one customer of the Company's trade receivables is ₹ 1,060 (March 31, 2018 - ₹ 1,281) which is more than 10 percent of the Company's total trade receivables.

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

(iii) Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

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 - 7 years	Total
Long-term borrowings	700	7	7	-	714
Trade payables	6,439	-	-	-	6,439
Other financial liabilities	1,071	-	-	-	1,071
Total	**8,210**	**7**	**7**	**-**	**8,224**

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 7 years	Total
Long-term borrowings	658	658	14	-	1,330
Trade payables	5,797	-	-	-	5,797
Other financial liabilities	472	7	-	-	479
Total	**6,927**	**665**	**14**	**-**	**7,606**

(iv) Market risk

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

Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps 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, 2019 and March 31, 2018 are as below:

March 31, 2019	USD	EUR	Others	Total
Financial assets				
Trade receivables	4,747	215	-	4,962
Cash and cash equivalents	2,606	366	14	2,986
Other current financial assets	14	-	-	14
Financial liabilities				
Long-term borrowings	(693)	-	-	(693)
Trade payables	(1,469)	(164)	(25)	(1,658)
Other current financial liabilities	(102)	(78)	(8)	(188)
Net assets/(liabilities)	**5,103**	**339**	**(19)**	**5,423**

March 31, 2018	USD	EUR	Others	Total
Financial assets				
Trade receivables	4,079	275	-	4,354
Cash and cash equivalents	713	79	19	811
Other non-current financial assets	-	-	-	-
Other current financial assets	219	-	-	219
Financial liabilities				
Long-term borrowings	(1,302)	-	-	(1,302)
Short-term borrowings	-	-	-	-
Trade payables	(1,068)	(209)	(41)	(1,318)
Other current financial liabilities	(122)	(46)	(7)	(175)
Net assets/(liabilities)	**2,519**	**99**	**(29)**	**2,589**

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
USD Sensitivity				
INR/USD - Increase by 1%	51	25	51	21
INR/USD - Decrease by 1%	(51)	(25)	(51)	(21)
EUR Sensitivity				
INR/EUR - Increase by 1%	3	1	-*	2
INR/EUR - Decrease by 1%	(3)	(1)	-*	(2)

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

Derivative financial instruments

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

Particulars	March 31, 2019	March 31, 2018
	(in Million)	
European style range forward contracts with periodical maturity dates	USD 61	USD 52
European style range forward contracts with periodical maturity dates	EUR 7	EUR 9

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, 2019 and March 31, 2018 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowings	693	1,302
Fixed rate borrowings	21	28
Total borrowings	**714**	**1,330**

(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.

37. Capital management

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

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

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

The capital structure as of March 31, 2019 and March 31, 2018 was as follows:

Particulars	March 31, 2019	March 31, 2018
Total equity attributable to the equity shareholders of the Company	71,154	67,386
As a percentage of total capital	99%	98%
Long-term borrowings	714	1,330
Short-term borrowings	-	-
Total borrowings	714	1,330
As a percentage of total capital	1%	2%
Total capital (Equity and Borrowings)	**71,868**	**68,716**

38. Segmental information

In accordance with Ind AS 108 - Operating segments, segment information has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

39. Other notes

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2019.

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.

(a) Gross amount required to be spent by the Company during the year is ₹ 84; and

(b) Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	84	-	84

41. Exceptional item

During year ended March 31, 2019, the Company sold 4,730,457 equity shares of ₹ 10 each of Syngene International Limited ('Syngene') in the open market. Post the sale, the Company holding in equity shares of Syngene has reduced to 70.24%. Gain arising from such sale of equity shares, net of related expense and cost of equity shares amounting to ₹ 1,987 has been recorded as exceptional item in the standalone financial statements for financial year ended March 31, 2019.

42. Events after reporting period

(a) On April 25, 2019, the Board of Directors of the Company approved issue of bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity shares of ₹ 5 each for every 1 (one) fully paid-up equity shares held as on record date, subject to approval by the shareholders of the Company through postal ballot.

(b) On April 25, 2019, the Board of Directors of the Company has proposed a final dividend of ₹ 1 per equity share. The proposed dividend is subject to the approval of the shareholders in the Annual general meeting.

43. Disclosure on Specified Bank Notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2019.

44. 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
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

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Independent auditors' report

To the Members of Biocon Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Biocon Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint venture, which comprise the consolidated balance sheet as at 31 March 2019, 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 reports of other auditors on separate financial statements of such subsidiaries and joint venture as were audited by the other auditors, 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, its associates, joint venture as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalisation and impairment of intangible assets	
The key audit matter	**How the matter was addressed in our audit**
The Group has significant product related intangible assets as at 31 March 2019 which primarily comprises of internally generated intangibles co-developed under collaboration arrangements and certain acquired assets through in-licensing arrangements. The commencement of capitalisation of development cost involves judgment. The key risk is the ability to successfully develop and subsequently commercialize the asset concerned. Development risk include Company's inability to achieve desired clinical trial results and / or obtain regulatory approvals. There is also a risk of impairment in the event the carrying amount of intangible asset is lower than its recoverable value. Management's assessment of recoverable value to test for impairment contain a number of parameters that involve significant judgements and estimates including weighted average cost of capital, revenue growth, expected market share and price erosion. Changes in these assumptions could lead to an impairment to the carrying value of these intangible assets. Accordingly, we have focused our audit work in these areas. For further information on the carrying value of product-related intangible assets refer to the Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions- Note 2(e),and financial disclosures are disclosed in Intangible assets- Note 5 in the Consolidated Financial Statements for the year ended March 31, 2019.	Our principal audit procedures included, amongst others, testing the Group's controls surrounding intangible asset capitalisation, impairments and evaluating assumptions used in assessing the recoverability of intangible assets, in particular revenue and cash flow projections and the probability of obtaining regulatory approval for assets under development. We involved our valuation specialists to assist us in evaluating the valuation methodologies and assumptions used by the Management. We reviewed management's assessment in relation to key inputs by considering third party sources to the extent available to corroborate the expected future cash inflows due to actions by competitors or due to changes in relevant markets. We reviewed sensitivity analysis carried out by management around these key estimates to assess the level of sensitivity to key assumptions so we could focus our work on those areas and assess Management's allowance for risk. We also interviewed Company's senior research, development and commercial personnel in order to understand and challenge those assumptions.

Impact on adoption of new revenue standard	
The key audit matter	**How the matter was addressed in our audit**
The Group has adopted Ind AS 115: *Revenue from Contracts with Customers* effective April 01, 2018 using the modified retrospective approach, with the cumulative effect of initially applying the impact of any change to the opening equity as at April 01, 2018. The Group has significant out-licensing and collaboration arrangements and given the terms of these arrangements, the accounting is complex and judgmental, with significant judgement being applied under the new revenue standard. With respect to collaboration and out-licensing arrangements, the risk is to determine applicability of the standard to some of these contracts in part or full, whether all the identified performance obligations meet the criteria of being distinct and consequently its impact on timing and pattern of revenue recognition. Refer to Significant Accounting Policies Note 2(l) and Note 21 in the Consolidated Financial Statements for the year ended March 31, 2019.	With reference to revenue recognition from licensing income and on accounting for collaboration arrangements, we reviewed the underlying contracts and evaluated the appropriateness of the key judgements and estimates. We also reviewed Management's assessment whether the rights transferred under these arrangements qualified for revenue recognition and in particular whether the underlying performance obligations meet the criteria of being distinct and hence can be segregated from other obligations under the arrangement.

Taxation	
The key audit matter	**How the matter was addressed in our audit**
The Group operates across different tax jurisdictions around the world and is subject to complexities with respect to various tax positions on deductibility of transactions and tax incentives / exemptions, and on cross border transfer pricing arrangements. Judgment is required in assessing the range of possible outcomes for some of these tax matters. Management makes an assessment to determine the outcome of these uncertain tax positions and decides to make an accrual or consider it to be a possible contingent liability. Where the amount of tax liabilities are uncertain, the Group recognizes accruals that reflect Management's best estimate of the outcome based on the facts known in the relevant jurisdiction. Accordingly we focused on this area. For further information refer to the Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions- Note 2(n) and financial disclosures are disclosed in Tax expenses- Note 38 in the Consolidated Financial Statements for the year ended March 31, 2019.	For uncertain tax positions, we read and analysed select key correspondences with tax authorities, reviewed Management's judgment regarding the eventual resolution of matters with various tax authorities, assessment of third-party opinions and the use, of past experience, where available, with the tax authorities in the respective jurisdiction. Additionally we used our own tax specialists' expertise to assess the appropriateness of the key assumptions made by Management.

Financial instrument- hedge accounting	
The key audit matter	**How the matter was addressed in our audit**
The Group enters into forward, option and interest rate swap contracts to hedge its foreign exchange and interest rate risks. Foreign exchange risks arise from sales to customers as substantial part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings. The Group designates a substantial portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity. These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109 - Financial Instruments. For further information refer to the Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions- Note 2(c) and financial disclosures are disclosed in Financial Instruments- Note 36 in the Consolidated Financial Statements for the year ended March 31, 2019.	With the support of our internal valuation specialists, we assessed the fair value of the derivatives by testing sample contracts. We also analysed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to ensure that they are closely aligned and meet the criteria under the accounting principles.

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint venture 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 Board of Directors of the companies included in the Group and of its associates and joint venture 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 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 and of its associates and joint venture 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 management 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 and of its associates and joint venture 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 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 made by Management.
- Conclude on the appropriateness of Management's 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 (Company and subsidiaries) as well as associates and joint venture 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 and its associates and joint venture to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain 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.

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

Other Matters

We did not audit the financial statements / financial information of a subsidiary and a joint venture incorporated outside India included in the consolidated financial statements of the Group, whose financial statements/financial information reflect total assets of ₹ 25,353 million as at 31 March 2019, total revenues of ₹ 3,029 million and net cash flows amounting to ₹ (58) million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 9 million for the year ended 31 March 2019, in respect of a joint venture, whose financial statements/financial information have not been audited by us. These financial statements / financial information of the subsidiary and a joint venture both incorporated outside India 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 the subsidiary and a joint venture both incorporated 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 and joint venture both incorporated outside India is based on the reports of other auditors and the conversion adjustments, if any 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 and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of a subsidiary and a joint venture as were audited by other auditors, as noted in the 'Other Matters' 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 reports of the other auditors.

   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 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 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 Holding Company, its subsidiary companies incorporated in India 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 and a joint venture, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, its associates and joint ventures. Refer Note 34 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 36 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures.

iii. Following are the instances of delay in transferring amounts, to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies, associate companies and joint venture incorporated in India during the year ended 31 March 2019.

Due date	Date of payment	Delays in Days	Amount involved (INR millions)
2 July 2018	20 October 2018	109 days	0.30
24 September 2018	20 October 2018	25 days	0.72

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 these Consolidated Financial Statements since they do not pertain to the financial year ended 31 March 2019.

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 and its subsidiaries which are incorporated in India 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 and its subsidiaries are 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

S Sethuraman
Partner
Membership No: 203491

Bengaluru
25 April 2019

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Annexure - A to the Independent Auditor's Report on the consolidated financial statements of Biocon Limited for the year ended 31 March 2019

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

(Referred to in paragraph 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 2019, we have audited the internal financial controls with reference to consolidated financial statements of Biocon Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Act which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, 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 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies 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 Responsibility for Internal Financial Controls

The respective 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 respective 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A Company's internal financial control 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 control 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 control 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

S Sethuraman
Partner
Membership No: 203491

Bengaluru
25 April 2019

Consolidated Balance Sheet as at March 31, 2019

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

	Note	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	42,527	36,297
Capital work-in-progress	3	12,869	7,789
Goodwill	5	264	264
Other intangible assets	5	1,919	434
Intangible assets under development	5	6,120	5,239
Investment in associates and a joint venture		431	638
Financial assets			
(i) Investments	6	1,394	-
(ii) Derivative assets		710	1,109
(iii) Other financial assets	7(a)	391	248
Income-tax assets (net)		1,693	1,273
Deferred tax assets (net)	8	3,247	1,934
Other non-current assets	9(a)	2,131	3,186
Total non-current assets		**73,696**	**58,411**
Current assets			
Inventories	10	10,316	7,225
Financial assets			
(i) Investments	11	8,293	6,114
(ii) Trade receivables	12	12,918	10,639
(iii) Cash and cash equivalents	13	7,298	5,012
(iv) Other bank balances	13	3,274	8,216
(v) Derivative assets		775	995
(vi) Other financial assets	7(b)	3,866	1,915
Other current assets	9(b)	1,488	1,370
Total current assets		**48,228**	**41,486**
TOTAL		**121,924**	**99,897**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(a)	3,000	3,000
Other equity	14(b)	57,980	48,808
Equity attributable to owners of the Company		**60,980**	**51,808**
Non-controlling interests		6,089	4,677
Total equity		**67,069**	**56,485**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15	15,416	17,898
(ii) Derivative liability		350	183
(iii) Other financial liabilities	16(a)	-	2
Provisions	17(a)	661	493
Other non-current liabilities	18(a)	8,052	3,423
Total non-current liabilities		**24,479**	**21,999**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	2,612	1,303
(ii) Trade payables	20		
- Total outstanding dues of micro and small enterprises		296	214
- Total outstanding dues of creditors other than micro and small enterprises		11,687	9,839
(iii) Derivative liabilities		141	62
(iv) Other financial liabilities	16(b)	9,906	5,563
Provisions	17(b)	805	465
Income tax liabilities (net)		1,238	891
Other current liabilities	18(b)	3,691	3,076
Total current liabilities		**30,376**	**21,413**
TOTAL		**121,924**	**99,897**

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Bengaluru
April 25, 2019

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

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

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	21	55,144	41,297
Other income	22	1,444	2,062
Total income		**56,588**	**43,359**
Expenses			
Cost of raw materials and packing materials consumed	23	19,795	14,450
Purchases of traded goods		1,268	2,328
Changes in inventories of traded goods, finished goods and work-in-progress	24	(2,097)	(417)
Excise duty		-	63
Employee benefits expense	25	11,653	9,311
Finance costs	26	709	615
Depreciation and amortisation expense	27	4,478	3,851
Other expenses	28	13,287	9,018
		49,093	**39,219**
Less: Recovery of cost from co-development partners (net)	29	(2,699)	(1,747)
Total expenses		**46,394**	**37,472**
Profit before tax, share of profit of joint venture/associate, exceptional items and tax		10,194	5,887
Share of profit of joint venture and associate, net		9	213
Profit before tax and exceptional items		**10,203**	**6,100**
Exceptional items, net	32	1,946	-
Profit before tax		**12,149**	**6,100**
Tax expense			
Current tax	38	2,038	1,522
Deferred tax			
MAT credit entitlement		(138)	(259)
Other deferred tax		223	306
Total tax expense		**2,123**	**1,569**
Profit for the year		**10,026**	**4,531**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(119)	(19)
Equity instruments through other comprehensive income		(486)	-
Income tax effect		160	6
		(445)	**(13)**
(ii) Items that may be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(851)	45
Income tax effect		153	-
Exchange difference on translation of foreign operations		419	121
		(279)	**166**
Other comprehensive income for the year, net of taxes		**(724)**	**153**
Total comprehensive income for the year		**9,302**	**4,684**
Profit attributable to:			
Shareholders of the Company		9,053	3,724
Non-controlling interest		973	807
Profit for the year		**10,026**	**4,531**
Other comprehensive income attributable to:			
Shareholders of the Company		(552)	130
Non-controlling interest		(172)	23
Other comprehensive income for the year		**(724)**	**153**
Total comprehensive income attributable to:			
Shareholders of the Company		8,501	3,854
Non-controlling interest		801	830
Total comprehensive income for the year		**9,302**	**4,684**
Earnings per share	31		
Basic (in ₹)		15.30	6.31
Diluted (in ₹)		15.20	6.27

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

S Sethuraman
Partner
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Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

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

(A) Equity share capital	March 31, 2019	March 31, 2018
Opening balance	3,000	1,000
Issue of bonus shares	-	2,000
Closing balance	**3,000**	**3,000**

(B) Other equity

Particulars	Attributable to owners of the Company												Non-controlling interests	Total
	Securities premium	Revaluation reserve	Capital reserve	General reserve	Retained earnings	SEZ Re-investment reserve	Share based payment reserve	Treasury shares	Foreign currency translation reserve	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity		
Balance at April 01, 2017	**2,908**	**9**	**801**	**3,459**	**39,025**	**-**	**675**	**(727)**	**539**	**768**	**(80)**	**47,377**	**3,761**	**51,138**
Profit for the year	-	-	-	-	3,724	-	-	-	-	-	-	3,724	807	4,531
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	121	20	(11)	130	23	153
Transfer to Special Economic Zone ('SEZ') re-investment reserve	-	-	-	-	(542)	542	-	-	-	-	-	-	-	-
Transfer from SEZ re-investment reserve on utilisation	-	-	-	-	542	(542)	-	-	-	-	-	-	-	-
Transactions with Owners directly recorded in equity:														
Dividend including dividend distribution tax	-	-	-	-	(725)	-	-	-	-	-	-	(725)	(62)	(787)
Share based payment	-	-	-	-	-	-	303	-	-	-	-	303	-	303
Issue of bonus shares	(2,000)	-	-	-	-	-	-	-	-	-	-	(2,000)	-	(2,000)
Purchase of treasury shares	-	-	-	-	-	-	-	(102)	-	-	-	(102)	-	(102)
Exercise of share options	124	-	-	-	270	-	(293)	-	-	-	-	101	148	249
Balance at March 31, 2018	**1,032**	**9**	**801**	**3,459**	**42,294**	**-**	**685**	**(829)**	**660**	**788**	**(91)**	**48,808**	**4,677**	**53,485**
Adjustment pursuant to adoption of Ind AS 115, net of tax	**-**	**-**	**-**	**-**	**(1,606)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,606)**	**-**	**(1,606)**
Adjusted balance at April 01, 2018	**1,032**	**9**	**801**	**3,459**	**40,688**	**-**	**685**	**(829)**	**660**	**788**	**(91)**	**47,202**	**4,677**	**51,879**
Profit for the year	-	-	-	-	9,053	-	-	-	-	-	-	9,053	973	10,026
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	419	(536)	(435)	(552)	(172)	(724)
Transfer to Special Economic Zone ('SEZ') re-investment reserve	-	-	-	-	(1,165)	1,165	-	-	-	-	-	-	-	-
Transfer from SEZ re-investment reserve on utilisation	-	-	-	-	1,165	(1,165)	-	-	-	-	-	-	-	-
Transactions with Owners directly recorded in equity:														
Dividend including dividend distribution tax	-	-	-	-	(722)	-	-	-	-	-	-	(722)	(71)	(793)
Share based payment	-	-	-	-	-	-	331	-	-	-	-	331	-	331
Gain on sale of shares in subsidiary, net of related expense and tax	-	-	-	-	3,447	-	-	-	-	12	6	3,465	577	4,042
Purchase of treasury shares	-	-	-	-	(694)	-	-	(315)	-	-	-	(1,009)	-	(1,009)
Exercise of share options	139	-	-	-	317	-	(244)	-	-	-	-	212	105	317
Balance at March 31, 2019	**1,171**	**9**	**801**	**3,459**	**52,089**	**-**	**772**	**(1,144)**	**1,079**	**264**	**(520)**	**57,980**	**6,089**	**64,069**

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
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

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Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

Statement of Consolidated Cash Flows for the year ended March 31, 2019

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

		March 31, 2019	March 31, 2018
I	**Cash flows from operating activities**		
	Profit for the year	10,026	4,531
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation expense	4,478	3,851
	Tax expense	2,123	1,569
	Unrealised foreign exchange (gain)/loss	127	(57)
	Share-based compensation expense	328	301
	Provision/(reversal) of doubtful debts, net	3	47
	Bad debts written off	14	4
	Interest expense	709	615
	Interest income	(908)	(427)
	Dividend income	-	(25)
	Net (gain)/loss on financial assets measured at fair value through profit or loss	27	(16)
	Net gain on sale of current investments	(220)	(583)
	Loss/(profit) on sale of fixed assets (net)	-	60
	Share of profit of joint venture	(9)	(213)
	Exceptional items, net	(1,946)	-
	Operating profit before working capital changes	**14,752**	**9,657**
	Movements in working capital		
	Decrease/(increase) in inventories	(3,052)	(872)
	Decrease/(increase) in trade receivables	(2,243)	(1,534)
	Decrease/(increase) in other assets	(1,079)	57
	Increase/(decrease) in trade payable, other liabilities and provisions	6,083	1,284
	Cash generated from operations	**14,461**	**8,592**
	Direct taxes paid (net of refunds)	(2,915)	(1,971)
	Net cash flow generated from operating activities	**11,546**	**6,621**
II	**Cash flows from investing activities**		
	Purchase of tangible assets	(12,221)	(7,382)
	Payment of intangible assets	(2,699)	(1,783)
	Proceeds from sale of fixed assets	4	34
	Proceeds from sale of shares in subsidiary (net of expenses)	4,029	-
	Purchase of investments	(39,115)	(12,593)
	Proceeds from sale of investments	42,771	17,046
	Investment in bank deposits and inter corporate deposits	(14,052)	(10,223)
	Redemption/ maturity of bank deposits and inter corporate deposits	13,351	7,459
	Interest received	794	577
	Dividend received	-	25
	Net cash flow used in investing activities	**(7,138)**	**(6,840)**
III	**Cash flows from financing activities**		
	Purchase of treasury shares	(1,009)	(102)
	Proceeds from exercise of share options	317	270
	Proceeds from long-term borrowings	2,608	-
	Repayment of long-term borrowings	(3,621)	(967)
	Proceeds/ (Repayment) of short-term borrowings (net)	1,088	(174)
	Dividend paid on equity shares including tax thereon	(793)	(787)

Statement of Consolidated Cash Flows for the year ended March 31, 2019

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

		March 31, 2019	March 31, 2018
	Interest paid	(1,007)	(637)
	Net cash flow used in financing activities	**(2,417)**	**(2,397)**
IV	**Net increase/(decrease) in cash and cash equivalents (I + II + III)**	**1,991**	**(2,616)**
V	**Effect of exchange differences on cash and cash equivalents held in foreign currency**	112	4
VI	**Cash and cash equivalents at the beginning of the year**	4,490	7,102
VII	**Cash and cash equivalents at the end of the year (IV + V + VI)**	**6,593**	**4,490**
	Reconciliation of cash and cash equivalents as per statement of cash flows		
	Cash and cash equivalents [note 13]		
	Balances with banks - on current accounts	7,289	3,956
	- on unpaid dividend accounts*	9	6
	Deposits with original maturity of less than 3 months	-	1,050
		7,298	**5,012**
	Bank overdrafts / cash credits [note 19]	(705)	(522)
	Balance as per statement of cash flows	**6,593**	**4,490**

*The Group can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

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

	Opening balance April 1, 2018	Cash flows	Non-cash movement	Closing balance March 31, 2019
Long - term borrowings (including current maturities)	21,337	(1,013)	1,294	21,618
Short - term borrowings	1,303	1,088	221	2,612
Interest accured but not due	-	20	-	20
Total liabilities from financing activities	**22,640**	**95**	**1,515**	**24,250**

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
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

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DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

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Notes to consolidated financial statements for the year ended March 31, 2019

(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 Limited ("Biocon" or the "parent company" or "the Company"), together with its subsidiaries, joint venture and associates (collectively, the "Group") is engaged in the manufacture of biotechnology products and research services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

1.2 Basis of preparation of financial statements

a. Statement of compliance

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

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2019. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on April 25, 2019.

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 and associates 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; and
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;

d. Use of estimates and judgements

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

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 36 — Financial instruments;
- Note 2(d), 2(e) and 2(f) — Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(r) — Lease classification;
- Note 35 — Assets and obligations relating to employee benefits;
- Note 30 — Share based payments; and
- Note 2(n), 8 and 38 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets
- Note 2(l) and 21 — Revenue Recognition: whether revenue from sale of product and licensing income is recognized over time or at a point in time;

e. 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, 2019 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 2(n), 8 and 38 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 17 and 34– recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 35 – measurement of defined benefit obligations: key actuarial assumptions; and
- Note 36 – impairment of financial assets.

f. 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 30 – share-based payment arrangements;
- Note 4 – investment property; and
- Note 2(c) & 36 – 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 or loss. However, see Note 36 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 or loss. Any gain or loss on derecognition is recognised in statement of profit or 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 or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or 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 profit or 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 or 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 or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

iii. De-recognition of financial instruments

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 de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also de-recognises 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 or 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. Treasury shares

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

vii. Cash and cash equivalents

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

viii. Cash dividend to equity holders

The Group recognises a liability to make cash distribution 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 or loss.

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

ii. Depreciation

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

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	
Leasehold land	90 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. Goodwill and other intangible assets

i. Goodwill

For measurement of goodwill that arises on a business combination. Subsequent measurement is at cost less any accumulated impairment losses.

ii. Other intangible assets

Internally generated: Research and development

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

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

Others

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

iii. Subsequent expenditure

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

iv. Amortisation

Goodwill is not amortised and is tested for impairment annually.

Other 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
- Customer related intangibles 5 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.

Based on technical evaluation and consequent advice, the management believes a period of 25 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment properties over a period of 25 years on a straight-line basis. The useful life estimate of 25 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years.

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

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 assesses 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 or 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 Group 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 and its Indian subsidiaries. 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 and its Indian subsidiaries receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the respective Companies 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 Companies have 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

The Group has implemented new standard Ind-AS 115 'Revenue from Contracts with Customers' effective April 1, 2018 using cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The Group has evaluated its open arrangements on out-licensing with reference to upfront non-refundable fees received in earlier periods and concluded that some of the performance obligations may not be distinct and hence would need to be bundled with the subsequent product supply obligations. Accordingly standard is applied retrospectively only to contracts that are not completed as at the date of initial application and comparative information presented for year ended March 31, 2018 has not been restated i.e. it is presented, as previously reported, under Ind-AS 18, Ind-AS 11 and related interpretations. Additionally, the disclosure requirements in Ind-AS 115 have not generally been applied to comparative information.

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 recognized (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 of 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 straight forward 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. Contract research and manufacturing services income:

Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

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

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

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

iv. Royalty income and profit share

The Royalty income and profit share earned through a License or collaboration partners is recognized 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. Rental income

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

viii. 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.

ix. Interest income or expense

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

m. Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortized 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 or loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

p. 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.

q. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairperson and Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance.

r. Leases

i. Assets held under lease

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Group's Balance sheet.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

s. Recent Indian Accounting Standards (Ind AS)

Ind AS 116 – Leases

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 'Leases' (New Revenue Standard), which replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group will adopt the standard, effective from April 1, 2019. The adoption of this standard is not expected to have a material impact on its consolidated financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019 , the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over Income Tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatments, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax base, unused tax losses, unused tax credits and tax rates.

The standard permits two possible method of transition – i) Full retrospective approach- Under this approach, Appendix C will be applied retrospectively to each reporting period presented in accordance with Ind AS 8 – Accounting policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual period beginning on or after April 01, 2019. The Group is in the process of evaluating the impact of the new standard and decide the approach once the said evaluation has been completed.

The adoption of this standard is not expected to have a material impact on its consolidated financial statements.

Amendments to Ind AS 12- Income taxes

On March 30, 2019 , the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarified that an entity shall recognize the income tax consequences of dividend in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

Amendment to Ind AS 19- plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendment require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past of service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The adoption of this standard is not expected to have a material impact on its consolidated financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The adoption of this standard is not expected to have a material impact on its consolidated financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The adoption of this standard is not expected to have a material impact on its consolidated financial statements.

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

	Land	Buildings	Leasehold improvements	Plant and equipment	Research & development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
	[Refer note (a)]			[Refer note (c)]					[Refer note (e)]
Gross carrying amount									
At April 01, 2017	2,192	12,792	5	35,214	2,201	795	70	53,269	5,327
Additions	368	544	180	3,346	29	104	63	4,634	7,088
Disposals/transfers	-	(19)	-	(445)	-	(11)	(5)	(480)	(4,634)
Other adjustments									
- Additions on account of transfer from investment property	-	34	-	-	-	-	-	34	-
- Foreign currency translation adjustment	4	22	-	49	-	-	-	75	8
At March 31, 2018	**2,564**	**13,373**	**185**	**38,164**	**2,230**	**888**	**128**	**57,532**	**7,789**
Additions	106	575	2	8,146	295	154	41	9,319	14,339
Disposals/transfers	-	-	-	-	-	-	(16)	(16)	(9,319)
Other adjustments									
- Foreign currency translation adjustment	63	387	-	730	-	3	1	1,184	60
At March 31, 2019	**2,733**	**14,335**	**187**	**47,040**	**2,525**	**1,045**	**154**	**68,019**	**12,869**
Accumulated depreciation									
At April 01, 2017	-	1,880	4	13,913	1,481	438	24	17,740	-
Depreciation for the year	-	515	10	2,885	139	113	31	3,693	-
Disposals	-	(9)	-	(214)	-	(8)	(4)	(235)	-
Other adjustments									
- Additions on account of transfer from investment property	-	27	-	-	-	-	-	27	-
- Foreign currency translation adjustment	-	2	-	8	-	-	-	10	-
At March 31, 2018	**-**	**2,415**	**14**	**16,592**	**1,620**	**543**	**51**	**21,235**	**-**
Depreciation for the year	-	562	18	3,309	152	137	37	4,215	-
Disposals	-	-	-	-	-	-	(13)	(13)	-
Other adjustments									
- Foreign currency translation adjustment	-	15	-	40	-	-	-	55	-
At March 31, 2019	**-**	**2,992**	**32**	**19,941**	**1,772**	**680**	**75**	**25,492**	**-**
Net carrying amount									
At March 31, 2018	**2,564**	**10,958**	**171**	**21,572**	**610**	**345**	**77**	**36,297**	**7,789**
At March 31, 2019	**2,733**	**11,343**	**155**	**27,099**	**753**	**365**	**79**	**42,527**	**12,869**

(a) Land includes land held on leasehold basis: Gross carrying amount ₹ 1,029 (March 31, 2018 - ₹ 923); Net carrying amount ₹ 1,029 (March 31, 2018 - ₹ 923).

(b) Borrowing costs capitalised during the year amounted to ₹ 94 (March 31, 2018 - ₹ 67).

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

(d) Foreign exchange gain of ₹ 288 (March 31, 2018 - ₹ 142) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset and is being depreciated over the balance life of the asset.

(e) Capital work-in-progress as on March 31, 2019 mainly comprises new biopharmaceutical manufacturing units being constructed in India.

(f) For details of security on certain property, plant and equipment, refer note 15 (a), (b), (c), (d), (e) and (f) and note 19(ii).

4. Investment property

Gross carrying amount	
At April 01, 2017	34
Other adjustments	-
- Deletion on account of transfer to Property, plant and equipment	(34)
At March 31, 2018	**-**
At March 31, 2019	**-**
Accumulated depreciation	
At April 01, 2017	26
Depreciation for the year	1
Other adjustments	
- Deletion on account of transfer to Property, plant and equipment	(27)
At March 31, 2018	**-**
Depreciation for the year	-
At March 31, 2019	**-**
Net carrying amount	
At March 31, 2018	**-**
At March 31, 2019	**-**

During the year, the Group has recognised rental income of ₹ Nil (March 31, 2018 - ₹ 67) and depreciation charge of ₹ Nil (March 31, 2018 - ₹ 1) in the statement of profit or loss for investment properties.

5. Intangible assets

	Goodwill	Intangible assets						Intangible assets under development		
		Other intangible assets	Marketing and Manufacturing rights	IP under commerciali-sation	Developed technology rights	Customer related intangible	Total	Product under development (internally generated)	Marketing rights	Total
Gross carrying amount										
At April 01, 2017	264	505	165	81	-	77	828	3,065	-	3,065
Additions	-	114	-	-	-	-	114	1,669	484	2,153
Other adjustments										
- Foreign currency translation adjustment	-	-	-	-	-	-	-	36	4	40
At March 31, 2018	**264**	**619**	**165**	**81**	**-**	**77**	**942**	**4,770**	**488**	**5,258**
Additions	-	203	780	-	756	-	1,739	1,933	-	1,933
Disposals/transfers	-	-	-	-	-	-	-	(756)	(525)	(1,281)
Other adjustments										
- Foreign currency translation adjustment	-	-	(7)	-	(7)	-	(14)	213	37	250
At March 31, 2019	**264**	**822**	**938**	**81**	**749**	**77**	**2,667**	**6,160**	**-**	**6,160**
Accumulated amortisation										
At April 01, 2017	-	215	51	81	-	23	370	-	-	-
Amortisation for the year	-	96	27	-	-	15	138	19	-	19
At March 31, 2018	**-**	**311**	**78**	**81**	**-**	**38**	**508**	**19**	**-**	**19**
Amortisation for the year	-	124	74	-	32	12	242	21	-	21
- Foreign currency translation adjustment	-	-	(1)	-	(1)	-	(2)	-	-	-
At March 31, 2019	**-**	**435**	**151**	**81**	**31**	**50**	**748**	**40**	**-**	**40**
Net carrying amount										
At March 31, 2018	**264**	**308**	**87**	**-**	**-**	**39**	**434**	**4,751**	**488**	**5,239**
At March 31, 2019	**264**	**387**	**787**	**-**	**718**	**27**	**1,919**	**6,120**	**-**	**6,120**

	March 31, 2019	March 31, 2018
6. Non-current investments		
I. Quoted equity instruments at fair value		
Vaccinex Inc., USA - 299,226 (March 31, 2018 - Nil) Common Stock, par value US $0.001 each	109	-
Equillium Inc., USA - 2,316,134 (March 31, 2018 - Nil) Common Stock, par value US$ 0.001 each [refer note 32(a)]	1,285	-
Total quoted investments in equity instruments	**1,394**	**-**
II. Unquoted equity instruments at cost		
In others:		
Energon KN Wind Power Private Limited - 38,500 (March 31, 2018 - 38,500) equity shares of ₹ 10 each	1	1
Less: Provision for decline, other than temporary, in the value of non-current investments	(1)	(1)
Total unquoted investments in equity instruments	-	-
III. Unquoted preference shares at cost		
In others:		
Vaccinex Inc., USA - Nil (March 31, 2018 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, par value US $0.001 each (converted into equity shares during the year)	-	186
Vaccinex Inc., USA - Nil (March 31, 2018 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, par value US $0.001 each (converted into equity shares during the year)	-	32
Less: Provision for decline, other than temporary, in the value of non-current investments	-	(218)
	-	-
Energon KN Wind Power Private Limited - 14,666 (March 31, 2018 - 14,666) Compulsorily Convertible Preference Shares, par value ₹ 100 each	1	1
Less: Provision for decline, other than temporary, in the value of non-current investments	(1)	(1)
	-	-
Total unquoted investments in preference shares	**-**	**-**
Total non-current investments	**1,394**	**-**
Aggregate value of quoted investments	1,394	-
Aggregate value of unquoted investments	2	220
Aggregate amount of impairment in value of investments	2	220

The Group has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.
The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.

7. Other financial assets

	March 31, 2019	March 31, 2018
(a) Non-current		
Deposits	391	248
	391	**248**
(b) Current		
Interest accrued but not due	266	152
Unbilled revenue	1,492	555
Other receivables	2,108	1,208
	3,866	**1,915**

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	March 31, 2019	March 31, 2018
8. Deferred tax assets (net)		
Deferred tax liability		
Property, plant and equipment, investment property and intangible assets	990	806
Derivatives	48	201
Others	129	18
Gross deferred tax liability	**1,167**	**1,025**
Deferred tax assets		
Employee benefit obligations	348	212
Trade receivables	31	26
Other disallowable expenses	187	179
MAT credit entitlement	3,316	2,372
Tax losses	-	15
Deferred revenues	288	-
Others	244	155
Gross deferred tax assets	**4,414**	**2,959**
Net deferred tax assets	**3,247**	**1,934**
9. Other assets		
(a) Non-current		
Capital advances	637	795
Duty drawback receivable	80	217
Balances with statutory / government authorities	1,294	2,056
Prepayments	120	118
	2,131	**3,186**
(b) Current		
Balances with statutory / government authorities	464	547
Prepayments	1,024	823
	1,488	**1,370**
10. Inventories		
Raw materials, including goods-in-bond	2,506	1,848
Packing materials	860	524
Traded goods	210	292
Finished goods*	3,283	1,903
Work-in-progress	3,457	2,658
	10,316	**7,225**

* includes goods in-transit ₹ Nil (March 31, 2018 - ₹ 48)

Write-down of inventories to net realisable value amounted to ₹ Nil (March 31, 2018 - ₹ 75). 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.

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	March 31, 2019	March 31, 2018
11. Current investments		
Quoted		
Investment in mutual funds		
Aditya Birla Sun Life Cash Plus - Nil units (March 31, 2018: 435,364 units)	-	121
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan 68,887 units (March 31, 2018: Nil Units)	21	-
Aditya Birla Sun Life Liquid Fund - Daily Dividend Reinvestment - Direct Plan 109,796 units (March 31, 2018: Nil Units)	11	-
Aditya Birla Sun Life Money Manager Fund - Growth - Direct Plan 199,535 units (March 31,2018: Nil units)	50	-
Aditya Birla Sun Life Savings Fund - 567,251 units (March 31, 2018: 496,963 units)	170	170
Axis Banking and PSU Debt Fund - Nil units (March 31, 2018: 11,184 units)	-	18
Axis Liquid Fund - Direct Growth 39,749 units (March 31, 2018: 95,973 units)	82	185
DHFL Pramerica Insta Cash Plus Fund - Growth Nil units (March 31, 2018: 975,628 units)	-	220
DSP BlackRock Liquidity Fund- Growth 20,604 units (March 31, 2018: 185,067 units)	55	460
HDFC FMP 92D February 2018 - Nil units (March 31, 2018: 15,000,000 units)	-	151
HDFC Liquid Fund - Direct Plan - Growth Option 37,870 units (March 31, 2018: Nil Units)	139	-
ICICI Prudential Flexible Income Fund - Nil units (March 31, 2018: 81,749 units)	-	27
ICICI Prudential Liquid Fund - Growth 551,211 units (March 31, 2018: 2,800,127 units)	152	673
ICICI Prudential Money Market Fund - Growth Nil units (March 31, 2018: 418,173 units)	-	100
IDFC Ultra Short term Fund - Nil units (March 31, 2018: 28,457,666 units)	-	705
Invesco India Liquid Fund - Daily Dividend - Nil units (March 31, 2018: 102,502 units)	-	103
Invesco India Liquid Fund - Growth 21,407 units (March 31, 2018: 266,929 units)	55	639
Kotak Liquid Direct Plan Growth 20,287 units (March 31, 2018: Nil units)	77	-
Reliance Liquid Fund - Direct Plan - Growth Plan 4,715 units (March 31, 2018: Nil units)	22	-
Reliance Money Market Fund - Direct Growth Plan - Growth Option 17,685 units (March 31, 2018: Nil units)	50	-
SBI Liquid Fund Direct Growth 43,726 units (March 31, 2018: Nil units)	128	-
Tata Money Market Fund - Growth 13,602 units (March 31, 2018: 114,178 units)	40	311
UTI - Money Market Fund - Institutional Plan - DDR Nil units (March 31, 2018: 51,347 units)	-	51
UTI Liquid Cash Plan - Growth 140,087 units (March 31, 2018: 172,751 units)	141	337
UTI Liquid Cash Plan - Growth Nil units (March 31, 2018: 17,772 units)	-	50
UTI Treasury Advantage Fund - Nil units (March 31, 2018: 140,087 units)	-	335
	1,193	**4,656**
Unquoted		
In others:		
(a) Debenture or bonds		
LIC Housing Finance Co Ltd - Nil (March 31, 2018 - 700) 7.51% bonds at ₹ 1,001,120 each, par value ₹ 1,000,000 each	-	701
HDFC Ltd - Nil (March 31, 2018 - 75) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	-	757
	-	**1,458**
(b) Inter corporate deposits with financial institutions		
Bajaj Finance Limited	2,500	-
HDFC Limited	3,600	-
Kotak Mahindra Prime Limited	1,000	-
	7,100	**-**
	8,293	**6,114**
Aggregate value of quoted investments	1,193	4,656
Aggregate value of unquoted investments	7,100	1,458

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.

	March 31, 2019	March 31, 2018
12. Trade receivables		
(a) Trade receivables considered good - Unsecured	12,918	10,639
(b) Trade receivables - credit impaired	140	137
	13,058	10,776
Allowance for credit loss	(140)	(137)
	12,918	**10,639**
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of board of directors.	4	15

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.

13. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	7,289	3,956
On unpaid dividend account	9	6
Deposits with original maturity of less than 3 months	-	1,050
Total cash and cash equivalents	**7,298**	**5,012**
Other bank balances		
Deposits with maturity of less than 12 months	3,271	8,213
Margin money deposit [Refer note (a) below]	3	3
Total other bank balances	**3,274**	**8,216**
Total cash and bank balances	**10,572**	**13,228**

(a) Margin money deposits with carrying amount of ₹ 3 (March 31, 2018 - ₹ 3) are subject to first charge against bank guarantees obtained.

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

	March 31, 2019	March 31, 2018
14(a). Equity share capital		
Authorised		
600,000,000 (March 31, 2018 - 600,000,000) equity shares of ₹ 5 each (March 31, 2018 - ₹ 5 each)	3,000	3,000
Issued, subscribed and fully paid-up		
600,000,000 (March 31, 2018 - 600,000,000) equity shares of ₹ 5 each (March 31, 2018 - ₹ 5 each)	3,000	3,000

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

Equity shares	March 31, 2019		March 31, 2018	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	600,000,000	3,000	200,000,000	1,000
Issue of bonus shares [refer note (v) below]	-	-	400,000,000	2,000
Outstanding at the end of the year	**600,000,000**	**3,000**	**600,000,000**	**3,000**

(ii) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	March 31, 2019		March 31, 2018	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr Kiran Mazumdar-Shaw	237,862,692	39.64%	237,862,692	39.64%
Glentec International Limited	118,605,582	19.77%	118,605,582	19.77%

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

(iv) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 30.

(v) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

Particulars	Year ended March 31				
	2019	2018	2017	2016	2015
Equity shares of ₹ 5 each	-	400,000,000	-	-	-

During the year ended March 31, 2018, the Company had allotted 400,000,000 equity shares of ₹ 5 each fully paid up as bonus shares in the ratio of 2:1 (two equity shares of ₹ 5 each for every one equity share of ₹ 5 each held in the Company as on the record date i.e. June 17, 2017) by capitalisation of securities premium account.

14(b). Other equity

Securities premium

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

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

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.

Share based payment reserve

The Group has established various equity settled share-based payment plans for certain categories of employees of the Group. Also refer note 30 for further details on these plans.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

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.

15. Long-term borrowings

	March 31, 2019	March 31, 2018
Loans from banks (secured)		
Term loan [refer note (a), (b), (c), (d), (e) below]	21,437	20,724
Buyers credit [refer note (f) below]	-	418
Obligation under finance lease [refer note (g) below]	160	167
Other loans and advances (unsecured)		
Financial assistance from DST [refer note (h) below]	21	28
	21,618	21,337
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(6,202)	(3,439)
	15,416	**17,898**
The above amount includes		
Secured borrowings	21,437	21,142
Unsecured borrowings	181	195
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(6,202)	(3,439)
Net amount	**15,416**	**17,898**

(a) During the year ended March 31, 2016, the Company had obtained an external commercial borrowing facility of USD 20 million from a bank. The long-term loan is repayable in 4 equal quarterly instalments of USD 5 million each which has commenced from December 31, 2018 and carries an interest rate of LIBOR + 0.95% p.a. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility with a carrying amount of ₹ 693 (March 31, 2018: ₹ 1,478). The Company has entered into interest rate swap to convert floating rate to fixed rate. Also refer note 36.

(b) During the year ended March 31, 2016, Biocon Pharma Limited ('BPL') had obtained an external commercial borrowing of USD 20 million from a bank, carrying interest of LIBOR + 1.75% p.a. The loan is payable in 11 unequal quarterly instalments commencing from June 28, 2019. The loan is secured by first priority pari-passu charge on the plant and machinery of the facility for the manufacture of pharmaceuticals. BPL has entered into interest rate swap to convert floating rate to fixed rate.

(c) 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 installments which commenced from March, 2017. On July 6, 2015, Biocon Malaysia 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 installments 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.

(d) During the year ended March 31, 2019, Biocon Biologics India Limited ('BBIL') has obtained an external commercial borrowing facility of USD 75 million with a carrying amount of ₹ 2,565 from MUFG Bank Limited. The long-term loan is repayable in 3 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.

(e) (i) Syngene International Limited ('Syngene') has entered into External Commercial Borrowing agreement with The Hong Kong and Shanghai Banking Corporation Limited (the Agent), Citibank N.A. and HSBC Bank (Mauritius) Limited (the Lead arrangers) dated March 30, 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bengaluru and Mangalore premises of Syngene.

(ii) 'Facility A' of ₹ 3,241 (USD 50 million) carries an interest rate of LIBOR + 1.04% and an instalments of USD 12.5 million was paid in March 2019 and USD 37.5 million is repayable in March 2020; and 'Facility B' of ₹. 3,240 (USD 50 million) carries an interest rate of LIBOR + 1.30% and is repayable in March 2021.

(iii) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of Syngene.

(f) Syngene had obtained foreign currency denominated long term secured buyer's credit loans of ₹ Nil (March 31, 2018: USD 6.42 million) as of March 31, 2018 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of LIBOR + 0.60% to LIBOR + 0.80%. The loan was guaranteed by Hong Kong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hong Kong and Shanghai Banking Corporation Limited, India is secured by a pari passu charge on the current assets and movable fixed assets of the Syngene with a carrying amount of ₹ Nil (March 31, 2018: ₹ 1,636). The loans were repayable at end of 960 days to 1,079 days from the date of its origination and has been repaid in the current year.

(g) Syngene has obtained lease of utilities for its office use from Velankani Information Systems Limited (VISL) on a ten year non-cancellable basis. Finance Lease obligations reflect present value of such discounted monthly payments payable to VISL over the tenure of the lease contract.

(h) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3% p.a. The Company is required to utilise the funds for the specified projects and is required to obtain prior approvals from the DST for disposal of assets / Intellectual property rights acquired/ developed under the above programmes.

(i) The Group has met all the covenants under the above borrowings as at March 31, 2019.

(j) The Group's exposure to liquidity, interest rate and currency risks are disclosed in note 36.

16. Other financial liabilities

	March 31, 2019	March 31, 2018
(a) Non-current		
Interest accrued but not due	-	2
	-	**2**
(b) Current		
Current maturities of long-term borrowings [refer note 15]	6,202	3,432
Current maturities of obligation under finance lease [refer note 15]	-	7
Book overdraft	453	191
Unpaid dividends	9	6
Interest accrued but not due	20	-
Payables for capital goods	3,222	1,927
	9,906	**5,563**

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	March 31, 2019	March 31, 2018
17. Provisions		
(a) Non-current		
Provision for employee benefits		
Gratuity [refer note 35]	661	493
	661	**493**
(b) Current		
Provision for employee benefits		
Gratuity [refer note 35]	179	130
Compensated absences	490	199
Provision for sales return	136	136
	805	**465**

(i) Movement in provisions	Gratuity	Compensated absences	Sales return
Opening balance	623	199	136
Provision recognised / (reversed) during the year	217	291	-
Closing balance	**840**	**490**	**136**

	March 31, 2019	March 31, 2018
18. Other liabilities		
(a) Non-current		
Deferred revenues [refer note 21]	8,052	3,423
	8,052	**3,423**
(b) Current		
Deferred revenues [refer note 21]	363	264
Advances from customers	2,762	2,466
Statutory taxes and dues payable	313	235
Other dues	253	111
	3,691	**3,076**
19. Short-term borrowings		
From banks/ financial institutions		
Packing credit foreign currency loan (unsecured) [refer note (i) below]	1,907	781
Cash credit (secured) [refer note (ii) and (iii) below]	705	522
	2,612	**1,303**
The above amount includes		
Secured borrowings	705	522
Unsecured borrowings	1,907	781

(i) Syngene has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 1,907 (March 31, 2018 - ₹ 781) from HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited that carries interest rate of LIBOR + 0.60% to LIBOR + 1.08%. The loans are repayable after the end of 6 months from the date of its origination.

(ii) 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.

(iii) The Group has working capital facilities with a bank carrying interest rate ranging from 9.25% - 13% p.a. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables.

	March 31, 2019	March 31, 2018
20. Trade payables		
Trade payables		
- Total outstanding dues of micro and small enterprises	296	214
- Total outstanding dues of creditors other than micro and small enterprises	11,687	9,839
	11,983	**10,053**

All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 36.

	Year ended March 31, 2019	Year ended March 31, 2018
21. Revenue from operations		
Sale of products		
Finished goods*	33,067	23,718
Traded goods	3,870	3,098
Sale of services		
Contract research and manufacturing services income	16,629	12,800
Licensing and development fees	245	228
Other operating revenue		
Sale of process waste	180	151
Export incentives	595	918
Others	558	384
Revenue from operations	**55,144**	**41,297**

* includes profit share

21.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Year ended March 31, 2019				
	Small Molecules	Biologics	Branded formulations	Research services	Total
Revenue from contracts with customers					
Sale of products	17,514	12,859	6,564	-	36,937
Sale of services	11	234	-	16,629	16,874
	17,525	**13,093**	**6,564**	**16,629**	**53,811**
Revenue from other sources					
Other operating revenue	160	252	-	921	1,333
	160	**252**	**-**	**921**	**1,333**
Total Revenue from operations	**17,685**	**13,345**	**6,564**	**17,550**	**55,144**

21.2 Changes in contract liabilities:	Year ended March 31, 2019	
	Advances from customers	Deferred revenues
Balance at the beginning of the year	2,466	-
Add:- Adjustment in opening reserve on transition to Ind AS 115	-	1,877
Less:- Revenue recognised that was included at the beginning of the year	(2,360)	-
Add:- Increase due to invoicing during the year	3,709	125
Less:- Amounts recognised as revenue during the year	(1,053)	(245)
Balance at the end of the year	**2,762**	**1,757**
Expected revenue recognition from remaining performance obligations:		
- Within one year	2,762	280
- More than one year	-	1,477
	2,762	**1,757**

21.3 Contract balances	March 31, 2019
Trade receivables	12,918
Unbilled revenue	1,492
Contract liabilities	4,519

Trade receivables are non-interest bearing. Refer note 12. Refer note 7(b). Contract liabilities include deferred revenue and advance from customers.

21.4 Performance obligation:

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

21.5 Effects on adoption of Ind AS 115

Pursuant to the requirements of Ind AS 115: Revenues from Contracts with Customers, the Group has evaluated its open arrangements on out-licensing with reference to upfront non-refundable fees received in earlier periods and concluded that some of the performance obligations may not be distinct and hence would need to be bundled with the subsequent product supply obligations.

Accordingly, the Group has recognised an incremental deferred revenue relating to such open contracts. The adoption of this standard and the consequential impact on change in some of the licensing arrangements did not have a material impact on the Revenue from Operations and statement of profit and loss for the year ended March 31, 2019. The cumulative effect of transition recorded as of April 1, 2018 on retained earnings and financial position positions is stated in below table:-

	As at April 01, 2018
Deferred revenue	1,877
Deferred tax asset on above	(271)
Retained earnings	**1,606**

	Year ended March 31, 2019	Year ended March 31, 2018
22. Other income		
Interest income on:		
Deposits with banks and financial institutions	863	308
Others	45	119
Dividend income from current investments	-	25
Net gain on sale of current investments	220	583
Net gain on financial assets measured at fair value through profit or loss	-	16
Foreign exchange gain, net	277	831
Other non-operating income	39	180
	1,444	**2,062**
23. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	2,372	1,917
Add: Purchases	20,789	14,905
Less: Inventory at the end of the year	(3,366)	(2,372)
	19,795	**14,450**
24. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	292	223
Finished goods	1,903	1,747
Work-in-progress	2,658	2,466
	4,853	**4,436**
Inventory at the end of the year		
Traded goods	210	292
Finished goods	3,283	1,903
Work-in-progress	3,457	2,658
	6,950	**4,853**
	(2,097)	**(417)**
25. Employee benefits expense		
Salaries, wages and bonus	10,156	7,977
Contribution to provident and other funds	498	399
Gratuity [refer note 35]	122	134
Share-based compensation expense [refer note 30]	328	301
Staff welfare expenses	549	500
	11,653	**9,311**
26. Finance costs		
Interest expense on financial liabilities measured at amortised cost	705	657
Fair value changes on interest rate swap	4	(42)
	709	**615**
27. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3 and 4]	4,215	3,694
Amortisation of intangible assets [refer note 5]	263	157
	4,478	**3,851**

	Year ended March 31, 2019	Year ended March 31, 2018
28. Other expenses		
Royalty and technical fees	23	22
Rent	76	66
Communication expenses	72	62
Travelling and conveyance	699	617
Professional charges	841	767
Payment to auditors [refer note (a) below]	14	13
Directors' fees including commission	36	23
Power and fuel	2,398	1,890
Insurance	240	198
Rates, taxes and fees	382	451
Lab consumables	1,057	778
Repairs and maintenance		
Plant and machinery	1,796	1,245
Buildings	269	288
Others	738	710
Selling expenses		
Freight outwards and clearing charges	432	258
Sales promotion expenses	2,155	719
Commission and brokerage (other than sole selling agents)	188	5
Bad debts written off	14	4
Provision/ (reversal) for doubtful debts, net	3	47
Net loss on financial assets measured at fair value through profit or loss	27	-
Printing and stationery	103	74
Research and development expenses [refer note 29]	3,206	1,918
Clinical trial & development expenses	123	143
CSR expenditure [refer note 43]	148	141
Miscellaneous expenses	180	282
	15,220	10,721
Less: Expenses capitalized to intangible assets	(1,933)	(1,703)
	13,287	**9,018**
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	8	7
Tax audit fee	1	1
Limited review	3	3
In other capacity:		
Other services (certification fees)	1	1
Reimbursement of out-of-pocket expenses	1	1
	14	**13**

29. Research and development expenses		
Research and development expenses	3,206	1,918
Other Research and development expenses included in other heads	4,325	3,690
	7,531	5,608
Less: Recovery of product development costs from co-development partners (net)	(2,699)	(1,747)
Product development costs capitalised	(1,933)	(1,703)
	2,899	**2,158**

30. Employee stock compensation

(a) Biocon ESOP Plan

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries / joint venture company. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

Details of Grant V

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	670,497	126	1,487,586	119
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(149,250)	122
Exercised during the year	(369,622)	120	(615,339)	111
Expired during the year	-	-	(52,500)	90
Outstanding at the end of the year	300,875	134	670,497	126
Exercisable at the end of the year	114,875	113	180,747	105
Weighted average remaining contractual life (in years)	0.8	-	1.7	-
Range of exercise prices for outstanding options at the end of year	91-157	-	80-157	-

Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,716,050	157	2,883,714	157
Granted during the year	-	-	-	-
Forfeited during the year	(1,125)	157	(226,125)	157
Exercised during the year	(1,047,875)	157	(936,475)	157
Expired during the year	-	-	(5,064)	157
Outstanding at the end of the year	667,050	157	1,716,050	157
Exercisable at the end of the year	667,050	157	459,989	157
Weighted average remaining contractual life (in years)	0.4	-	1.4	-
Weighted average fair value of options granted (₹)	-	-	-	-
Range of exercise prices for outstanding options at the end of year	157	-	157-166	-

Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	3,102,725	161	3,660,600	161
Granted during the year	90,000	178	105,000	194
Forfeited during the year	(491,625)	155	(477,750)	154
Exercised during the year	(386,900)	154	(185,125)	155
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,314,200	160	3,102,725	161
Exercisable at the end of the year	91,200	152	24,725	152
Weighted average remaining contractual life (in years)	3.2	-	4.2	-
Weighted average fair value of options granted (₹)	74	-	80	-
Range of exercise prices for outstanding options at the end of year	138-247	-	138-247	-

Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing price as per National Stock Exchange as on the last day of the month preceding the month of first grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	727,500	161	784,500	153
Granted during the year	30,000	142	90,000	215
Forfeited during the year	(72,000)	115	(31,500)	152
Exercised during the year	(165,000)	152	(115,500)	152
Expired during the year	-	-	-	-
Outstanding at the end of the year	520,500	162	727,500	161
Exercisable at the end of the year	78,000	152	66,750	154
Weighted average remaining contractual life (in years)	2.3	-	3.2	-
Weighted average fair value of options granted (₹)	59	-	89	-
Range of exercise prices for outstanding options at the end of year	142-247	-	151-247	-

Grant IX

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,745,000	183	1,402,500	165
Granted during the year	1,920,000	316	1,695,000	194
Forfeited during the year	(761,250)	200	(352,500)	165
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,903,750	244	2,745,000	183
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	5.8	-	7.9	-
Weighted average fair value of options granted (₹)	407	-	242	-
Range of exercise prices for outstanding options at the end of year	138-346	-	138-315	-

Grant X

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the the preceding day to the date of grant.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,485,750	163	611,250	131
Granted during the year	1,353,750	302	945,000	182
Forfeited during the year	(219,000)	228	(28,500)	146
Exercised during the year	(154,065)	153	(42,000)	130
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,466,435	234	1,485,750	163
Exercisable at the end of the year	90,060	155	20,625	139
Weighted average remaining contractual life (in years)	3.6	-	3.9	-
Weighted average fair value of options granted (₹)	370	-	213	-
Range of exercise prices for outstanding options at the end of year	124-330	-	124-307	-

*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2019 is ₹ 626 (March 31, 2018 - ₹ 428) per share.

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

Particulars	March 31, 2019	March 31, 2018
Weighted Average Exercise Price	142-346	153-315
Expected volatility	32.3% to 35.6%	30.3% to 34.5%
Historical volatility	34.8%	35.3%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Average risk-free interest rate	7.6%	6.9%
Expected dividend rate	0.9%	1.1%

Expected volatility is based on historical volatility of the market price of the Company's publicly traded equity shares during the expected term of the option grant.

(b) RSU Plan 2015

On March 11, 2015, Biocon's Remuneration Committee approved the Biocon - Restricted Stock Units (RSUs) of Syngene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries other than Syngene. The Remuneration Committee administers the plan through a trust, called the Biocon Limited Employee Welfare Trust. For this purpose, on March 31, 2015, the Company transferred 2,000,000 equity shares of Syngene to Biocon Limited Employees Welfare Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,049,394	-	1,296,552	-
Granted during the year	-	-	122,619	-
Forfeited during the year	(71,747)	-	(172,424)	-
Exercised during the year	(195,516)	-	(197,353)	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	782,131	-	1,049,394	-
Exercisable at the end of the year	116,398	-	69,958	-
Weighted average remaining contractual life (in years)	2.7	-	3.4	-
Weighted average fair value of options granted (₹)	-		502	

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

Particulars	March 31, 2019	March 31, 2018
Weighted Average Exercise Price	-	-
Expected volatility	-	47.6%-52.9%
Life of the options granted (vesting and exercise period) in years	-	5.0-6.5
Expected dividends per share	-	1
Average risk-free interest rate	-	6.9%
Expected dividend rate	-	0.3%

(c) RSU Plan 2019

On January 7, 2019, Biocon's Nomination and Remuneration Committee ('NRC') and the Board of Directors approved the Biocon Biologics - Restricted Stock Units (RSUs) of Biocon Biologics India Limited ('RSU Plan 2019') for grant of RSUs to employees of the Group. The NRC administers the plan though a trust called, Biocon Limited Employee Welfare Trust. As on March 31, 2019, the Company is in process of transferring equity shares of Biocon Biologics India Limited to Biocon Limited Employee Welfare Trust.

The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year, respectively, from the date of grant or from the date of occurrence of certain future events, whichever is later, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. The RSU's were granted with an exercise price of ₹ 10 per option.

Particulars	March 31, 2019		March 31, 2018	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,682,750	10	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,682,750	10	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	6.8	-	-	-
Weighted average fair value of options granted (₹)	10		-	

In addition to the above grants, the Company during the year also sold 718,096 shares of Biocon Biologics India Limited (subject to certain restrictions based on future liquidity events) to certain senior management personnel at its fair value. Also refer Note 33 for related party transactions.

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

Particulars	March 31, 2019	March 31, 2018
Weighted Average Exercise Price	10	-
Expected volatility	32.3% to 35.6%	-
Life of the options granted (vesting and exercise period) in years	7	-
Average risk-free interest rate	7.6%	-
Expected dividend rate	0%	-

(d) Syngene ESOP Plan

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of Syngene. The Board of Directors approved the employee stock option plan of Syngene. On October 31, 2012, the Trust subscribed 6,680,000 equity shares (Face Value of ₹ 10 per share) of Syngene using the proceeds from interest free loan of ₹ 150 obtained from Syngene, adjusted for the consolidation of shares and bonus issue. As at March 31, 2019, the Trust holds 2,038,001 (March 31, 2018: 3,065,964) equity shares of face value of ₹ 10 each, adjusted for the consolidation of shares and bonus issue. As of March 31, 2019, the Trust has transferred 4,641,999 (March 31, 2018 - 3,614,036) equity shares to the employees on exercise of their stock options.

Grant

Pursuant to the Scheme, Syngene has granted options to eligible employees of Syngene under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of ₹ 22.50 per share (Face Value of ₹ 10 per share).

Details of Grant

Particulars	March 31, 2019 No of Options	March 31, 2018 No of Options
Outstanding at the beginning of the year	2,235,222	3,634,457
Granted during the year	191,668	121,500
Forfeited during the year	(52,139)	(73,174)
Exercised during the year	(1,027,963)	(1,447,561)
Outstanding at the end of the year	1,346,788	2,235,222
Exercisable at the end of the year	360,102	1,121,670
Weighted average exercise price	22.5	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In ₹)	556.5	479.8
Weighted average share price at the date of exercise (In ₹)	578.7	472.0

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2019 is 1.85 years (March 31, 2018 - 2.13 years).

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

Particulars	March 31, 2019	March 31, 2018
Dividend yield (%)	0.2%	0.3%
Exercise Price (In ₹)	22.5	22.5
Expected volatility	30.5%	33.5%
Life of the options granted (vesting and exercise period) in years	6.15	6.15
Average risk-free interest rate	7.9%	7.7%

Particulars	March 31, 2019	March 31, 2018
Summary of movement in respect of shares held by ESOP Trust is as follows:		
Opening balance	9,005,047	10,589,610
Add: Shares purchased by the ESOP trust	1,703,639	309,876
Less: Shares exercised by employees	(2,123,462)	(1,894,439)
Closing balance	**8,585,224**	**9,005,047**
Options granted and eligible for exercise at end of the year	1,041,185	752,836
Options granted but not eligible for exercise at end of the year	9,131,625	9,694,686
Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:		
Opening balance	1,791,905	1,989,258
Less: Shares exercised by employees	(195,516)	(197,353)
Closing balance	**1,596,389**	**1,791,905**
Options granted and eligible for exercise at end of the year	116,398	69,958
Options granted but not eligible for exercise at end of the year	665,733	979,436

	March 31, 2019	March 31, 2018
31. Earnings per share (EPS)		
Earnings		
Profit for the year attributable to the shareholders of the Company	9,053	3,724
Shares		
Basic outstanding shares	600,000,000	600,000,000
Less: Weighted average shares held with the ESOP Trust	(8,321,693)	(10,051,402)
Weighted average shares used for computing basic EPS	**591,678,307**	**589,948,598**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	3,886,595	3,965,858
Weighted average shares used for computing diluted EPS	**595,564,902**	**593,914,456**
Earnings per share		
Basic (in ₹)	15.30	6.31
Diluted (in ₹)	15.20	6.27

32. Exceptional items (net)

(a) During the year ended March 31, 2018, the Group, had accounted for its 19.5% equity investment in Equillium Inc. as an associate. During the quarter ended September 30, 2018, Equillium initiated its initial public offering (IPO) process and consequently had changes in its Board composition, which resulted in loss of significant influence over the investee. In accordance with Ind AS 28: Investments in Associates and Joint Ventures, the Company fair valued its investment on the date of loss of significant influence and the anti-dilutive rights on the date of IPO which resulted in a gain of ₹ 1,762 million, net of tax expenses of and ₹ 184 million for the year ended March 31, 2019, which has been disclosed as an Exceptional item in these financial results. The Group, going forward has designated its investment in equity of Equillium to be accounted for at Fair value through other comprehensive income (FVOCI). Equillium completed its IPO and listed on NASDAQ on October 12, 2018.

(b) Pursuant to a fire incident on December 12, 2016 at Syngene, certain fixed assets, inventory and other contents in one of the buildings were damaged. Syngene lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company had recorded a loss of ₹ 1,032 million arising from such incident till March 31, 2018. Syngene has recorded a further loss of ₹ 23 million during the year ended March 31, 2019. Syngene also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (₹ Nil) under Exceptional items in these financial results.

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

33. Related party transactions

List of related parties with whom the Group had transactions during the year:

Name of related parties	Nature of relationship
Key management personnel	
Kiran Mazumdar-Shaw	Chairperson & Managing Director
John Shaw	Vice-Chairman & Director (w.e.f January 12, 1998 and upto July 01, 2017)
Arun Chandavarkar	Joint Managing Director & CEO
Siddharth Mittal	President - Finance and Chief Financial Officer
Satish Kumar SS	Company Secretary (w.e.f. September 03, 2018 and upto March 15, 2019)
Rajiv Balakrishnan	Company Secretary (w.e.f. January 24, 2017 and upto March 2, 2018)
Russell Walls	Independent director
Daniel M Bradbury	Independent director
Jeremy M Levin	Independent director
Mary Harney	Independent director
Vijay K Kuchroo	Independent director
M Damodaran	Independent director
John Shaw	Non-executive director (w.e.f July 1, 2017)
Ravi Mazumdar	Non-executive director
Bobby K Parikh	Independent director
Joint Ventures	
NeoBiocon FZ LLC	Joint-venture
Associates	
Equillium Inc.	Associate (upto October 12, 2018)
Other related parties	
Biocon Foundation	Trust in which key management personnel are the Board of Trustees
Mazumdar Shaw Medical Foundation	Trust in which key management personnel are the Board of Trustees
Glentec International Limited	Enterprise owned by key management personnel
Catherine Rosenberg	Relative of a director
Jeeves	Enterprise in which relative to a director of the Company is proprietor
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
P K Associates	Proprietary firm of relative of director

The Group has the following related party transactions

Particulars	Transactions / Balances	March 31, 2019	March 31, 2018
Key management personnel	Salary and perquisites [refer note (a) & (b) below]	90	93
	Sitting fees and commission	36	23
	Sale of Vehicle	1	-
	Sale of equity shares of Biocon Biologics India Limited	3	-
	Outstanding as at the year end:		
	- Trade and other payables	5	6
Joint Venture	Sale of goods	5	13
	Purchase of goods	1,472	1,632
	Sales promotion expenses	92	82
	Dividend received	216	-
	Expenses incurred on behalf of the related party	1	1
	Outstanding as at the year end:		
	- Trade and other receivables	2	13
	- Trade and other payables	1,048	790
Associates	Investment in equity shares	-	3
Other related parties	Sale of goods	83	73
	Sale of services	1	-
	Sale of equity shares of Biocon Biologics India Limited	- *	-
	Health services availed	8	-
	Expenses towards Scientific and Research services	2	-
	CSR Expenditure	104	100
	Other expenses	36	32
	Outstanding as at the year end:		
	- Trade and other receivables	4	15
	- Trade and other payables	-	1

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

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

(b) Share-based compensation expense allocable to key management personnel is ₹8 (March 31, 2018 - ₹ 22) which is not included in the remuneration disclosed above.

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

(d) All transactions with these related parties are priced on an arms length basis and none of the balances are secured.

34. Contingent liabilities and commitments

(to the extent not provided for)

		March 31, 2019	March 31, 2018
(i)	**Contingent liabilities:**		
(a)	Claims against the Company not acknowledged as debt	7,903	5,720
The above includes:			
(i)	Direct taxation	6,663	4,376
(ii)	Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	835	950
(iii)	Other matters	405	394

In light of recent judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Group's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence it is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

The Group is involved in taxation and other 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 claims are not tenable and will not have any material adverse effect on the Group's financial position and results of operations.

		March 31, 2019	March 31, 2018
(b)	**Guarantees**		
(i)	Corporate guarantees given to Central Excise Department	148	148
(ii)	Guarantees given by banks on behalf of the Group for contractual obligations of the Group.	57	21
(ii)	**Commitments:**		
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	7,898	5,270
(b)	Operating lease commitments		
Where the Group is a lessee:			
(I)	Vehicles		
The Group has taken vehicles for certain employees under operating leases, which expire over a period upto January, 2022. Gross rental expenses for the year aggregate to ₹ 12 (March 31, 2018 - ₹ 7).			
The committed lease rentals in future are as follows:			
	Not later than one year	22	1
	Later than one year and not later than five years	49	2
(II)	Rent		
The Group has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2027. Gross rental expenses for the year aggregate to ₹ 105 (March 31, 2018 - ₹ 97).			
Future minimum rentals payable under non-cancellable operating leases are as follows:			
	Not later than one year	35	30
	Later than one year and not later than five years	153	44
	Later than five years	143	180
(III)	Finance lease commitments		
The Group has entered into lease for use of certain leasehold improvements on finance lease basis. The legal title to these items vests with lessor. The lease term of leasehold improvements is 10 years covering a period upto 2027.			
Future minimum lease payable including interest element under finance leases are as follows:			
	Not later than one year	23	22
	Later than one year and not later than five years	105	100
	Later than five years	107	135

35. Employee benefit plans

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

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 Group's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2018	**680**	**(57)**	**623**
Current service cost	76	1	77
Interest expense / (income)	49	(4)	45
Amount recognised in Statement of profit and loss	**125**	**(3)**	**122**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-
Actuarial (gain) / loss arising from:			
Demographic assumptions	(4)	-	(4)
Financial assumptions	39	-	39
Experience adjustment	84	-	84
Amount recognised in other comprehensive income	**119**	**-**	**119**
Employers contribution	(8)	-	(8)
Benefits paid	(26)	10	(16)
Balance as at March 31, 2019	**890**	**(50)**	**840**

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2017	**551**	**(60)**	**491**
Current service cost	90	-	90
Interest expense / (income)	48	(4)	44
Amount recognised in Statement of profit and loss	**138**	**(4)**	**134**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-
Actuarial (gain) / loss arising from:			
Demographic assumptions	23	-	23
Financial assumptions	(30)	-	(30)
Experience adjustment	26	-	26
Amount recognised in other comprehensive income	**19**	**-**	**19**
Employers contribution	(11)	-	(11)
Benefits paid	(17)	7	(10)
Balance as at March 31, 2018	**680**	**(57)**	**623**

	March 31, 2019	March 31, 2018
Non-current	661	493
Current	179	130
	840	**623**

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

	March 31, 2019	March 31, 2018
Interest rate	7.0% - 7.2%	7.4% - 7.7%
Discount rate	7.0% - 7.2%	7.4% - 7.7%
Expected return on plan assets	7.0% - 7.2%	7.4% - 7.7%
Salary increase	9% - 10%	9% - 10%
Attrition rate	5% - 30%	5% - 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 6 years (March 31, 2018 - 6 years).

These defined benefit plans expose 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, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate	(51)	57	(35)	40
Salary increase	56	(51)	40	(8)
Attrition rate	(11)	12	(6)	6

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 the cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

As of March 31, 2019 and March 31, 2018, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2020, is approximately ₹ 126 (March 31, 2019 - ₹ 89).

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	126
2nd Following year	83
3rd Following year	87
4th Following year	84
5th Following year	88
Years 6 and above	1,073

36. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

March 31, 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	1,394	-	1,394	1,394	-	-	1,394
Derivative assets	-	1,485	-	1,485	-	1,485	-	1,485
Current investments	1,193	-	7,100	8,293	1,193	-	-	1,193
Trade receivables	-	-	12,918	12,918	-	-	-	-
Cash and cash equivalents	-	-	7,298	7,298	-	-	-	-
Other bank balances	-	-	3,274	3,274	-	-	-	-
Other financial assets	-	-	4,257	4,257	-	-	-	-
	1,193	**2,879**	**34,847**	**38,919**	**2,587**	**1,485**	**-**	**4,072**
Financial liabilities								
Borrowings	-	-	24,230	24,230	-	-	-	-
Trade payables	-	-	11,983	11,983	-	-	-	-
Derivative liability	-	491	-	491	-	491	-	491
Other financial liabilities	-	-	3,704	3,704	-	-	-	-
	-	**491**	**39,917**	**40,408**	**-**	**491**	**-**	**491**

March 31, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	-	-	-	-	-	-	-
Derivative assets	19	2,085	-	2,104	-	2,104	-	2,104
Current investments	4,656	-	1,458	6,114	4,656	-	-	4,656
Trade receivables	-	-	10,639	10,639	-	-	-	-
Cash and cash equivalents	-	-	5,012	5,012	-	-	-	-
Other bank balances	-	-	8,216	8,216	-	-	-	-
Other financial assets	-	-	2,163	2,163	-	-	-	-
	4,675	**2,085**	**27,488**	**34,248**	**4,656**	**2,104**	**-**	**6,760**
Financial liabilities								
Borrowings	-	-	22,640	22,640	-	-	-	-
Trade payables	-	-	10,053	10,053	-	-	-	-
Derivative liability	-	245	-	245	-	245	-	245
Other financial liabilities	-	-	2,126	2,126	-	-	-	-
	-	**245**	**34,819**	**35,064**	**-**	**245**	**-**	**245**

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 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.

Significant observable inputs	March 31, 2019 Profit or (loss)		March 31, 2018 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(410)	376	(352)	352
Interest rates (100 bps movement)	(286)	286	(407)	407

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 institutions and other financial instruments.

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

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenues amounting to ₹ 12,918 and ₹ 1,492 respectively (March 31, 2018: ₹ 10,639 and ₹ 555 respectively). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	March 31, 2019	March 31, 2018
Opening balance	137	90
Allowance for credit loss recognised / (reversed)	3	47
Closing balance	140	137

Receivable from one customer of the Group's trade receivables is ₹ Nil (March 31, 2018 - ₹ 1,281) which is more than 10 percent of the Group's total trade receivables.

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

(iii) Liquidity risk

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

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Group maintains lines of credit as stated in note 15 and note 19.

A future breach of covenants may require the Group to repay the borrowings earlier than indicated in the below table. The covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreements.

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 - 7 years	Total
Long-term borrowings	6,202	7,082	5,677	2,657	21,618
Short-term borrowings	2,612	-	-	-	2,612
Trade payables	11,983	-	-	-	11,983
Other financial liabilities	3,845	111	108	131	4,195
Total	**24,642**	**7,193**	**5,785**	**2,788**	**40,408**

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 7 years	Total
Long-term borrowings	3,439	5,823	11,554	521	21,337
Short-term borrowings	1,303	-	-	-	1,303
Trade payables	10,053	-	-	-	10,053
Other financial liabilities	2,186	185	-	-	2,371
Total	**16,981**	**6,008**	**11,554**	**521**	**35,064**

(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, 2019 and March 31, 2018 are as below:

March 31, 2019	USD	EUR	Others	Total
Financial assets				
Trade receivables	7,578	268	1,273	9,119
Cash and cash equivalents	5,792	474	101	6,367
Other financial assets	3,247	28	4	3,279
Financial liabilities				
Non-current borrowings	(21,446)	-	-	(21,446)
Current borrowings	(2,231)	-	(381)	(2,612)
Derivative liability	(491)	-	-	(491)
Trade payables	(6,860)	(278)	(1,887)	(9,025)
Other financial liabilities	(1,673)	(213)	(263)	(2,149)
Net financial assets / (liabilities)	**(16,084)**	**279**	**(1,153)**	**(16,958)**

March 31, 2018	USD	EUR	Others	Total
Financial assets				
Trade receivables	5,853	350	1,077	7,280
Cash and cash equivalents	2,638	107	100	2,845
Other financial assets	1,742	14	1	1,757
Financial liabilities				
Non-current borrowings	(19,263)	-	-	(19,263)
Current borrowings	(1,190)	-	(113)	(1,303)
Derivative liability	(245)	-	-	(245)
Trade payables	(2,938)	(284)	(432)	(3,654)
Other financial liabilities	(1,785)	(110)	(264)	(2,159)
Net financial assets / (liabilities)	**(15,188)**	**77**	**369**	**(14,742)**

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
USD Sensitivity				
INR/USD - Increase by 1%	(161)	(165)	(568)	(387)
INR/USD - Decrease by 1%	161	165	534	387
EUR Sensitivity				
INR/EUR - Increase by 1%	3	(2)	-	(2)
INR/EUR - Decrease by 1%	(3)	2	-	2

Derivative financial instruments

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

Particulars	March 31, 2019	March 31, 2018
	(in Million)	
Foreign exchange forward contracts to buy	USD 436	USD 383
European style option contracts with periodical maturity dates	USD 150	USD 190
European style option contracts with periodical maturity dates	-	-
European style range forward contracts with periodical maturity dates	USD 61	USD 52
European style range forward contracts with periodical maturity dates	EUR 7	EUR 9

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, 2019 and March 31, 2018 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowings	18,849	17,564
Fixed rate borrowings	5,381	5,076
Total borrowings	**24,230**	**22,640**

(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.

37. Capital management

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

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

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

The capital structure as of March 31, 2019 and 2018 was as follows:

Particulars	March 31, 2019	March 31, 2018
Total equity attributable to owners of the Company	60,980	51,808
As a percentage of total capital	**72%**	**70%**
Long-term borrowings	21,618	21,337
Short-term borrowings	2,612	1,303
Total borrowings	24,230	22,640
As a percentage of total capital	**28%**	**30%**
Total capital (Equity and Borrowings)	**85,210**	**74,448**

		March 31, 2019	March 31, 2018
38. Tax expenses			
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	2,038	1,522
	Deferred tax expense / (income) related to:		
	MAT credit entitlement	(138)	(259)
	Origination and reversal of temporary differences	223	306
	Tax expense for the year	**2,123**	**1,569**
(b)	**Reconciliation of effective tax rate**		
	Profit before tax	12,149	6,100
	Tax at statutory income tax rate 34.94% (March 31, 2018 - 34.61%)	4,245	2,111
	Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
	Difference in overseas/domestic tax rates	(1,158)	-
	Weighted deduction on research and development expenditure	(338)	(294)
	Exempt income and other deductions	(1,072)	(851)
	Non-deductible expense	133	149
	Previously unused temporary differences for which deferred tax asset has been recognised	(289)	-
	Tax losses	587	535
	Share in profit of joint venture	(3)	(65)
	Others	18	(16)
	Income tax expense	**2,123**	**1,569**
(c)	**Tax losses**		
	Unused temporary differences for which no deferred tax asset has been recognised	230	1,943
	Potential tax impact	23	360
	Expiry date [Financial year]	2022-23 to 2023-24	2022-23 to 2023-24

(d) Recognised deferred tax assets and liabilities

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

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, investment property and intangible assets	806	184	-	-	990
Derivatives	201	-	(153)	-	48
Others	18	167	(56)	-	129
Gross deferred tax liability	**1,025**	**351**	**(209)**	**-**	**1,167**
Deferred tax assets					
Defined benefit obligations	212	122	14	-	348
Allowance for doubtful debts	26	5	-	-	31
Other disallowable expenses	179	8	-	-	187
MAT credit entitlement	2,372	138	-	806	3,316
Tax losses	15	(15)	-	-	-
Deferred revenue	-	17	-	271	288
Others	155	(9)	90	8	244
Gross deferred tax assets	**2,959**	**266**	**104**	**1,085**	**4,414**
	1,934	**(85)**	**313**	**1,085**	**3,247**

For the year ended March 31, 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax liability					
Property, plant and equipment, investment property and intangible assets	685	121	-	-	806
Derivative assets	201	-	-	-	201
Others	30	(12)	-	-	18
Gross deferred tax liability	**916**	**109**	**-**	**-**	**1,025**
Deferred tax assets					
Defined benefit obligations	182	24	6	-	212
Allowance for doubtful debts	20	6	-	-	26
Other disallowable expenses	169	10	-	-	179
MAT credit entitlement	2,113	259	-	-	2,372
Tax losses	262	(247)	-	-	15
Others	145	10	-	-	155
Gross deferred tax assets	**2,891**	**62**	**6**	**-**	**2,959**
	1,975	**(47)**	**6**	**-**	**1,934**

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39. Interest in other entities

(a) Subsidiaries

The Group's subsidiaries as at March 31, 2019 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		Ownership interest held by the non-controlling interest		Principal activities
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	
		%	%	%	%	
Syngene International Limited	India	70.2	73.5	29.8	26.5	Research services
Biocon Research Limited	India	100.0	100.0	-	-	Research and development
Biocon Pharma Limited	India	100.0	100.0	-	-	Biopharmaceutical manufacturing
Biocon Biologics India Limited*	India	100.0	100.0	-	-	Biopharmaceutical manufacturing
Biocon Academy	India	100.0	100.0	-	-	Not for profit organisation
Biocon SA	Switzerland	100.0	100.0	-	-	Research and development
Biocon Sdn Bhd	Malaysia	100.0	100.0	-	-	Biopharmaceutical manufacturing
Biocon Biologics Limited	United Kingdom	100.0	100.0	-	-	Sale of biosimilar products
Biocon Pharma Inc.	United States	100.0	100.0	-	-	Sale of pharmaceutical products
Biocon Healthcare Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Trading of biopharmaceutical products
Syngene USA Inc.	United States	70.2	73.5	29.8	26.5	Business support and marketing for research services
Biocon Pharma UK Limited	United Kingdom	100.0	-	-	-	Sale of pharmaceutical products
Biocon Pharma Ireland Limited	Ireland	100.0	-	-	-	Sale of pharmaceutical products
Bicara Therapeutics Inc	United States	100.0	-	-	-	Research and development
Biocon FZ LLC.	Dubai	100.0	100.0	-	-	Trading of biopharmaceutical products

* Biocon Limited holds 98% shares, and voting rights over 100% of the share capital of Biocon Biologics India Limited.

(b) Non-controlling interests

Below is the summarised financial information for Syngene International Limited that has non-controlling interests that is material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised balance sheet

Particulars	March 31, 2019	March 31, 2018
Non-current assets	19,397	14,691
Current assets	17,626	17,193
Total assets	**37,023**	**31,884**
Non-current liabilities	6,065	6,850
Current liabilities	11,286	7,833
Total liabilities	**17,351**	**14,683**
Net assets	19,672	17,201
Accumulated non-controlling interest	**6,080**	**4,677**

Summarised statement of profit and loss

Particulars	March 31, 2019	March 31, 2018
Revenue from operations	18,256	14,231
Profit for the year	3,307	3,051
Other comprehensive income	(702)	87
Total comprehensive income	**2,605**	**3,138**
Total comprehensive income allocated to non-controlling interests	801	830
Dividends (including dividend distribution tax) paid to non-controlling interests	71	62

Summarised statement of cash flows

Particulars	March 31, 2019	March 31, 2018
Cash flows from operating activities	6,298	4,456
Cash flows used in investing activities	(6,465)	(3,496)
Cash flows used in financing activities	(724)	(787)
Net increase / (decrease) in cash and cash equivalents	**(891)**	**173**

(c) Interest in joint venture

The Group had only one joint venture in the name of NeoBiocon FZ LLC ("NeoBiocon") , incorporated in Dubai as at March 31, 2019 holding 49% (March 31, 2018: 49%) of the equity stake and accounted for using the equity method. In the opinion of the directors is material to the Group. NeoBiocon has share capital solely consisting of equity shares, which are held directly by ownership interest in the same proportion of voting rights held.

Summarised balance sheet of NeoBiocon is as follows:

Particulars	March 31, 2019	March 31, 2018
Non-current assets	18	10
Current assets	1,760	1,830
Total assets	**1,778**	**1,840**
Non-current liabilities	62	44
Current liabilities	627	400
Total liabilities	**689**	**444**
Net assets	**1,089**	**1,396**
Percentage ownership interest	**49%**	**49%**
Accumulated Group's share of net assets	**431**	**638**

Summarised statement of profit and loss of NeoBiocon

Particulars	March 31, 2019	March 31, 2018
Revenue from operations	1,468	1,632
Profit for the year	18	441
Other comprehensive income	-	-
Total comprehensive income	**18**	**441**
Share of profits from joint venture	9	216
Dividends received	216	-

(d) Interest in associates

Particulars	March 31, 2019	March 31, 2018
IATRICa Inc. - 4,285,714 (March 31, 2018 - 4,285,714) Series A Preferred Stock at USD 0.70 each, par value US $ 0.00001 each	131	131
Less: Provision for decline, other than temporary, in the value of non-current investments	(131)	(131)
	-	-
Equillium Inc.* - Nil (March 31, 2017 - 242,236) Common shares at US$ 0.25 each, par value US $ 0.0001 each	-	3
Less: Share of loss of associate	-	(3)
	-	-
Total investment in associate and joint venture	**431**	**638**

*Refer note 32(a)

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40. Segment Reporting

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Group's performance based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the Group are primarily enterprises in Small Molecules ("SMV"), Biologics, Branded Formulations ("BF") and Research services ("Research")

April 1, 2018 to March 31, 2019

Particulars	SMV	Biologics	BF	Research	Unallocated	Eliminations	Total
Revenues							
External revenue	17,685	13,345	6,564	17,550	-	-	55,144
Inter-segment revenue	43	1,824	-	706	-	(2,573)	-
Total revenues	**17,728**	**15,169**	**6,564**	**18,256**	**-**	**(2,573)**	**55,144**
Costs							
Segment costs	(13,848)	(8,517)	(4,069)	(12,888)	-	-	(39,322)
Inter-segment costs	-	(706)	(1,867)	-	-	2,573	-
Results							
Corporate expenses	-	-	-	-	(1,885)	-	(1,885)
Other income including interest	-	-	-	751	693	-	1,444
Operating profit							**15,381**
Depreciation / Amortisation	(626)	(1,969)	(16)	(1,642)	(225)	-	(4,478)
Finance costs	-	-	-	(323)	(386)	-	(709)
Share of profit of joint venture and associate	-	-	9	-	-	-	9
Segment results	**3,254**	**3,977**	**621**	**4,154**	**(1,803)**	**-**	**10,203**
Exceptional items, net	-	-	-	-	1,946	-	1,946
Income taxes - Current and deferred	-	-	-	-	(2,123)	-	(2,123)
Non-controlling interests	-	-	-	-	(973)	-	(973)
Profit after taxes							**9,053**
Other Information							
Segment assets	20,068	47,601	3,178	37,035	-	-	107,882
Unallocable corporate assets	-	-	-	-	14,042	-	14,042
Total assets							**121,924**
Segment liabilities	4,965	12,152	2,416	17,351	-	-	36,884
Unallocable corporate liabilities	-	-	-	-	17,971	-	17,971
Total liabilities							**54,855**

April 1, 2017 to March 31, 2018

Particulars	SMV	Biologics	BF	Research	Unallocated	Eliminations	Total
Revenues							
External revenue	15,007	6,286	6,115	13,889	-	-	41,297
Inter-segment revenue	70	1,416	-	342	-	(1,828)	-
Total revenues	**15,077**	**7,702**	**6,115**	**14,231**	**-**	**(1,828)**	**41,297**
Costs							
Segment costs	(11,610)	(5,807)	(4,407)	(10,325)	-	-	(32,149)
Inter-segment costs	-	(342)	(1,486)	-	-	1,828	-
Results							
Corporate expenses	-	-	-	-	(857)	-	(857)
Other income including interest	-	-	-	1,358	704	-	2,062
Operating profit							**10,353**
Depreciation / Amortisation	(624)	(1,669)	(10)	(1,314)	(234)	-	(3,851)
Finance costs	-	-	-	(225)	(390)	-	(615)
Share of profit of joint venture and associate	-	(3)	216	-	-	-	213
Segment results	**2,843**	**(119)**	**428**	**3,725**	**(777)**	**-**	**6,100**
Income taxes - Current and deferred	-	-	-	-	(1,569)	-	(1,569)
Non-controlling interests	-	-	-	-	(807)	-	(807)
Profit after taxes							**3,724**
Other Information							
Segment assets	17,681	36,038	2,927	31,890	-	-	88,536
Unallocable corporate assets	-	-	-	-	11,361	-	11,361
Total assets							**99,897**
Segment liabilities	4,320	7,704	1,872	14,686	-	-	28,582
Unallocable corporate liabilities	-	-	-	-	14,830	-	14,830
Total liabilities							**43,412**

Geographical segments

Revenues, net	April 1, 2018 to March 31, 2019	April 1, 2017 to March 31, 2018
India	16,588	13,390
United States of America	15,046	10,072
Rest of the world	23,510	17,835
Total	**55,144**	**41,297**

Non-current assets	March 31, 2019	March 31, 2018
India	41,961	31,110
Malaysia	21,809	20,366
Rest of the world	4,184	3,644
Total	**67,954**	**55,120**

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

Significant clients

No customer individually account for more than 10% of the revenue in the year ended March 31, 2019 and March 31, 2018.

Segment revenue and results

The expenses that are not directly attributable and that can not be allocated to a business segment on a reasonable basis are shown as unallocated corporate expenses.

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consist principally of fixed assets and current assets. Segment liabilities comprise of liabilities which can be directly allocated against the respective segments. Assets and liabilities that have not been allocated between segments are shown as part of unallocated corporate assets and liabilities respectively.

41. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary/ associates/joint venture

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 Limited	59%	71,154	48%	4,927	-23%	131	52%	5,058
Subsidiaries								
Indian								
Syngene International Limited	11%	13,592	23%	2,334	92%	(530)	19%	1,804
Biocon Research Limited	1%	1,553	5%	557	-3%	17	6%	574
Biocon Pharma Limited	-	187	-7%	(704)	3%	(16)	-7%	(720)
Biocon Biologics India Limited	-	468	-	31	-	-	-	31
Biocon Academy	-	-	-	-	-	-	-	-
Foreign								
Biocon SA	3%	4,029	-	40	-	-	-	40
Biocon Sdn Bhd	8%	9,978	-11%	(1,158)	1%	(8)	-12%	(1,166)
Biocon Biologics Limited	11%	12,785	32%	3,276	-	-	34%	3,276
Biocon Pharma Inc.	-	253	-	23	-	-	-	23
Biocon FZ LLC.	-	(7)	-	23	-	-	-	23
Biocon Healthcare Sdn Bhd	-	(1)	-	(17)	-	-	-	(17)
Syngene USA Inc.	-	13	-	6	-		-	6
Biocon Pharma UK Limited	-	-	-	-	-	-	-	-
Biocon Pharma Ireland Limited	-	-	-	-	-	-	-	-
Bicara Therapeutics Inc	-	-	-	-	-	-	-	-
Joint venture								
Foreign								
NeoBiocon FZ LLC.	-	431	-	9	-	-	-	9

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
Associates								
Foreign								
IATRICa Inc., USA	-	-	-	-	-	-	-	-
Equillium Inc., USA	-	-	-	-	-	-	-	-
Non-controlling interest	5%	6,089	9%	973	30%	(172)	8%	801
Gross Total	**100%**	**120,524**	**100%**	**10,320**	**100%**	**(578)**	**100%**	**9,742**
Adjustment arising on consolidation		(53,455)		(294)		(146)		(440)
Total		**67,069**		**10,026**		**(724)**		**9,302**

Name of Entity	Net assets as at March 31, 2018		Share in profit or loss for the year ended March 31, 2018		Share in other comprehensive income for the year ended March 31, 2018		Share in total comprehensive income for the year ended March 31, 2018	
	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 Limited	66%	67,386	52%	2,385	-37%	(65)	49%	2,320
Subsidiaries								
Indian								
Syngene International Limited	12%	12,524	49%	2,244	37%	64	48%	2,308
Biocon Research Limited	1%	979	9%	431	82%	144	12%	575
Biocon Pharma Limited	-	87	-2%	(88)	14%	25	-1%	(63)
Biocon Biologics India Limited	-	(10)	-	(11)	-	-	-	(11)
Biocon Academy	-	-	-		-	-	-	-
Foreign								
Biocon SA	4%	3,982	-6%	(255)	-	-	-5%	(255)
Biocon Sdn Bhd	3%	2,877	-15%	(696)	-9%	(16)	-15%	(712)
Biocon Biologics Limited	9%	9,223	-4%	(203)	-	-	-4%	(203)
Biocon Pharma Inc.	-	230	-5%	(216)	-	-	-5%	(216)
Biocon FZ LLC.	-	(28)	-	(13)	-	-	-	(13)
Biocon Healthcare Sdn Bhd	-	7	-	(9)	-	-	-	(9)
Syngene USA Inc.	-	6	-	3	-	-	-	3
Joint venture								
Foreign								
NeoBiocon FZ LLC.	1%	638	5%	216	-	-	5%	216
Associates								
Foreign								
IATRICa Inc., USA	-	-	-	-	-	-	-	-
Equillium Inc., USA	-	-	-	(3)	-	-	-	(3)
Non-controlling interest	5%	4,677	18%	807	13%	23	17%	830
Gross Total	**100%**	**102,578**	**100%**	**4,592**	**100%**	**175**	**100%**	**4,767**
Adjustment arising on consolidation		(46,093)		(61)		(22)		(83)
Total		**56,485**		**4,531**		**153**		**4,684**

42. Other notes

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2019.

43. 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.

	March 31, 2019	March 31, 2018
(a) Gross amount required to be spent by the Group during the year	148	141

(b) Amount spent during the year ended March 31, 2019:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	148	-	148

(b) Amount spent during the year ended March 31, 2018:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	141	-	141

44. Disclosure on Specified Bank Notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2019.

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

46. Events after reporting period

(a) On April 25, 2019, the Board of Directors of the Company approved issue of bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity shares of ₹ 5 each for every 1 (one) fully paid-up equity shares held as on record date, subject to approval by the shareholders of the Company through postal ballot.

(b) On April 25, 2019, the Board of Directors of the Company has proposed a final dividend of ₹ 1 per equity share on a pre-bonus share basis. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting.

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 25, 2019

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

Kiran Mazumdar-Shaw
Chairperson & Managing Director
DIN: 00347229

Arun Chandavarkar
Jt. Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 25, 2019

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Notes

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Concept

FORTITUDE

The Annual Report 2019 narrates Biocon's journey of fortitude which started in 1978. We have captured the evolution of our various business segments, key achievements and contributions of various stakeholders to our 40-year value creation story. Driven by a shared purpose, collective aspiration and perseverance, we have transformed from a pioneering biotech start-up in India to one of the leading global biopharmaceuticals companies, making a difference to the health of patients worldwide.

Creative Concept and Story Telling:

Team Corporate Communications, Biocon
E – seema.ahuja@biocon.com

Design:

Trisys Communications
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Photography:

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Forward Looking Statement

Biocon FY19 Annual Report

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral- that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We have also outlined our patient reach in some of the sections of the report. These estimated numbers have been calculated indirectly based on volume supplied and certain assumptions related to dosage per patient, duration of treatment, units sold, internal data and market research reports. The market data & rankings used in the various chapters are based on several published reports and internal company assessment.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

NOTE: *The Financial Report Section of the Annual Report 2019 has been printed on eco-friendly, recycled paper as part of our commitment to sustainability. Keeping the weather condition in mind, a plastic envelope has been used, however, we have taken care to use recycled plastic.*

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