Biocon

THE impact MANIFESTO

ANNUAL REPORT 2020

Touching a billion lives through affordable innovation

Transforming lives through meaningful impact

Sharp inequities in access have denied the benefits from advances in medical science to almost a third of the world's population. Hefty price tags on life-saving drugs have created unbearable financial burden for patients in most of the world. Inadequate research spending has led to a fragile medical innovation ecosystem with serious repercussions on global preparedness for health emergencies. The vulnerability of healthcare systems worldwide to a global pandemic stands exposed.

Biocon is leveraging its affordable innovation model to reduce disparities in access to safe, high-quality medicines, as well as, address the gaps in scientific research to find innovative solutions to impact a billion lives.

leap

Take a quantum leap in serving the needs of our patients through innovative solutions that go beyond the product.

life

Transform patient lives through the introduction of therapies that improve treatment outcomes while enhancing their health and well-being.

cure

Dramatically improve patient survival and, if possible, cure hitherto incurable diseases through advanced targeted therapies.

care

Put the care back in healthcare by pursuing a humanitarian path to ensure better patient care and outcomes while reducing costs through our 'high-quality, low cost, high volume' business model.

The **Biocon** Manifesto

We seek to leverage differentiated technologies to transform healthcare by ensuring access to affordable, quality assured, complex therapies that significantly improve patient outcomes and are available to all. Our roadmap for the future is to enable a healthier world.

As a committed stakeholder of the global health agenda under the UN Sustainable Development Goals (SDGs), Biocon has drawn up a manifesto to deliver on its commitment to universal healthcare.

accessibility

- Use our science, scale and expertise to enhance access to essential drugs for patients on the lowest rung of the economic ladder
- Uncover new medical insights aimed at expanding the scope of therapy to address unmet needs

affordability

- Focus on the kind of innovation that adds the condition of affordability to accessibility
- Bring competition for expensive innovator medicines through our generics and biosimilars

availability

- Build strategic global and regional partnerships to make high-quality biopharmaceuticals available to the maximum number of people
- Create a robust portfolio of 'blockbuster' drugs with the potential to benefit a billion patients

assurance

- Demonstrate the highest levels of ethics, compliance and governance
- Assure continuous supply of high-quality products conforming to international regulatory standards

Business Highlights

At Biocon, we have concluded yet another meaningful year, breaking new ground, crossing new milestones and delivering high-quality biopharmaceuticals to millions worldwide.

We made significant headway in the commercialization of multiple products in key markets. We also made strategic investments, brought new partners on board, entered new markets, received regulatory approvals, expanded production capacity, added to our expertise and unlocked value for our stakeholders.

generics

- Crossed an annual revenue milestone of ₹ 20,000 million for the first time
- Extended footprint to China through a licensing deal for 3 Generic Formulations
- Filed new Drug Master Files and equivalents for multiple APIs
- Started construction of a greenfield, fermentation-based manufacturing facility in Andhra Pradesh, India to cater to anticipated growth in APIs business

novel molecules

- Started global clinical trials for our first-in-class oral insulin molecule, Insulin Tregopil, in Type 1 diabetes
- Clinical trials initiated by partner Equillium to study our novel anti-CD6 molecule, Itolizumab, in Lupus Nephritis and severe Asthma
- Started a clinical trial in India to study Itolizumab in treating moderate to severe patients with COVID-19 complications

biologics

- Touched the lives of 2.1 million patients through access to our biosimilars
- Initiated value unlocking of Biocon Biologics through private equity investment for a minority stake, indicating an equity valuation of USD 3 billion
- Committed to enable universal access to rh-Insulin at less than 10 U.S. cents / day in low- and middle-income countries in the run-up to the insulin centenary
- Expanded commercial footprint of key biosimilars: Pegfilgrastim (Australia, Canada), Trastuzumab (U.S., Australia, Canada) and Insulin Glargine (Australia) through our partner Mylan
- Received regulatory clearances from both U.S. and EU regulators for our Insulin Glargine manufacturing facility in Malaysia
- Expanded R&D footprint through the acquisition of R&D capital assets to set up a 60,000 sq. ft. world-class integrated R&D facility in Chennai
- Enhanced production capacity for Drug Substance and Drug Product for key biosimilars through brownfield and greenfield projects

research services

- Commissioned new research facilities in Bengaluru and Hyderabad
- Commenced qualification of API manufacturing facility in Mangaluru
- Extended biologics discovery and preclinical research capabilities in CAR-T therapy, an innovative cell-based approach to treating cancer
- Received Good Laboratory Practice (GLP) certification for viral testing facility from the NGCMA, making it India's first and only GLP-certified viral clearance study service provider
- Repurposed a high-end laboratory to conduct RT-PCR tests for COVID-19
- Partnered with Pune-based Mylab to supply reagents for use in its indigenously developed COVID-19 testing kits

FY20 at a Glance

Revenue
65,286
₹ Million

Profit for the year*
7,482
₹ Million

EBITDA Margin
27
%

R&D Spend (Gross)
5,271
₹ Million

Employees (Total)
12,000+

EPS
6.3
₹

**includes exceptional items*

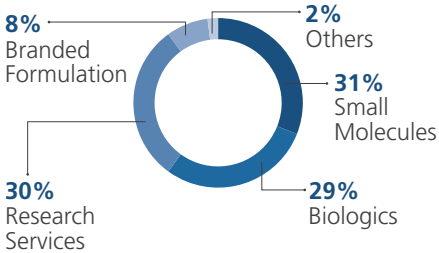
Business revenue mix#

Small Molecules
20,937
₹ Million

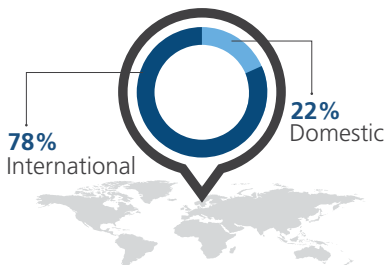
Biologics
19,513
₹ Million

Research Services
20,119
₹ Million

Branded Formulations
5,362
₹ Million



Business Revenue Contribution



Geographic Distribution

#includes inter-segment revenue

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Chairperson's Review

Kiran Mazumdar-Shaw
Executive Chairperson

On a mission to **impact a billion lives**

Dear Shareholders,

Biocon's philosophy of affordable innovation to make life-saving medicines accessible to everyone, anywhere on the planet, has never been more relevant than it is today. We are in the throes of a global pandemic and the world is looking up to the healthcare industry to develop vaccines, treatments, diagnostics and products that will see it through the COVID-19 crisis.

The novel coronavirus outbreak has demonstrated that if humanity is to survive as a species, it is imperative that there is equitable access to all essential health products and technologies without distinction of race, religion, political belief and economic or social condition. Universal access to quality healthcare for all is non-negotiable.

In the fight against COVID-19, low- and middle-income countries (LMICs) seem to be faring better than wealthier, better-resourced, developed nations. With this change in dynamics, we are likely to witness greater reciprocity and sharing of best practices between LMICs and high-income countries (HICs) leading to genuine bi-directional partnerships.

As well established business models are dismantled and long-held assumptions dispelled, we could see healthcare being reshaped and democratized around the planet.

The novel coronavirus outbreak has demonstrated that universal access to quality healthcare for all is non-negotiable.

The future will call for a new approach to prevention, screening, diagnosis, therapy, monitoring and management of disease. Demand for therapies that are patient-focused, data-driven and digitally enabled will increase. Patient care will move to non-clinical settings driven by technology and connectivity, even as accelerated adoption of digital therapeutics empowers patients with point-of-care management.

Greater application of Artificial Intelligence (AI) and Machine Learning will make drug discovery and development more innovative, cheaper and faster. Efficient capacity creation and productivity optimization will be critical in the next normal. This will expand the application of medical technology at a pace and scale not witnessed before.

The novel coronavirus has exposed significant shortcomings in public healthcare systems worldwide. In the aftermath of the crisis, citizens will demand better and

more resilient national health systems. This will force governments to explore innovative partnerships with the private sector to address essential healthcare infrastructure, create viable healthcare contingency plans and build strategic reserves of key supplies.

There will be a reprogramming of national economic priorities towards universal healthcare and providing social safety nets for the most vulnerable sections of society.

COVID-19: A potential opportunity for the Indian pharmaceutical industry

The COVID-19 emergency has spurred a re-discovery of India's capabilities in both high-end scientific research and mass production. The Indian healthcare industry swiftly responded to the crisis with innovative and indigenous solutions. Indian companies have also tied up with international vaccine developers to offer their global-scale infrastructure to produce potential COVID-19 vaccines in bulk.

Our Impact Manifesto reinforces our commitment to ensure that everyone, anywhere on the planet, can realize the right to a healthy life.

India is currently the world's third-largest producer of pharmaceuticals in volume terms, supplying to over 200 countries. India also caters to 60% of the world's vaccine demand. The country exported USD 19 billion worth of pharmaceuticals in FY19. **With the right kind of policies and incentives, India can reinforce its global standing as a pharmaceutical powerhouse.**

As a company led by innovation and global scale manufacturing capacity to take complex generics and biosimilars to the maximum number of people, Biocon is well-positioned for the future.

Having completed a successful 40-year journey, we are now looking ahead to the next four decades. **We will use our science, scale and expertise to reduce disparities in access to essential drugs, develop innovative solutions to resolve issues of affordability, ensure availability of our biopharmaceuticals to the maximum number of people and assure continuous supplies of quality products while demonstrating the highest levels of ethics, compliance and governance.**

Our Impact Manifesto reinforces our commitment to ensure that everyone, anywhere on the planet, can realize the right to a healthy life.

Unlocking universal access to affordable insulin

In the run-up to the 100th anniversary of the discovery of insulin as a treatment for diabetes, we have embarked on a mission to unlock universal access to high-quality insulin guided by the conviction that such an essential therapy needs to be accessible to patients globally.

Our 'Mission 10 cents' coincides with WHO's first-ever insulin pre-qualification program.

More than a 100 million people require insulin therapy for the management of their diabetes — the 'silent pandemic' that currently affects 475 million *(Source: IDF)* people worldwide.

At a time when the world is seeking viable, long-term solutions to improve insulin access and affordability, our 'Mission 10 cents' is offering recombinant human Insulin (rh-Insulin) at less than 10 U.S. cents / day for direct procurement by governments in LMICs, where millions of people cannot access insulin as it is unaffordable. This initiative coincides with WHO's first-ever insulin pre-qualification program. Biocon Biologics is talking to several governments for ways to disintermediate the supply of insulin.

The recent approval of our Insulin Glargine by the U.S. Food and Drug Administration will enable us to serve the needs of patients in the U.S.

Delivering on our commitment in FY20

We reported a robust 15% growth in consolidated revenue at ₹ 65,286 million in FY20. The Small Molecules and Research Services businesses crossed annual revenue milestones of ₹ 20,000 million each, growing by 18% and 10% respectively. On the other hand, the Biologics segment reported annual growth of 29% with revenues at ₹ 19,513 million despite a weak fourth quarter. We ended the year with a Net Profit (before exceptional items) of ₹ 7,600 million, an EBITDA margin of 27% and Net Profit margin of 11%.

Supply chain disruptions, impaired mobility and industry-wide dislocation as a fallout of the COVID-19 pandemic affected parts of our business, with the Biologics business bearing the brunt in the concluding quarter.

Still, Biocon reinforced its reputation of resilience and reliability by continuing to supply life-saving therapies worldwide despite lockdowns and other production and supply chain disruptions due to COVID-19.

Biocon reinforced its reputation of resilience and reliability by continuing to supply life-saving therapies worldwide despite COVID-19-related lockdowns.

An effective business continuity plan allowed us to run essential and critical manufacturing and quality operations with reduced staffing, thus minimizing the impact on patients and partners. At the same time, we prioritized the health and safety of our employees and implemented additional safety measures at our facilities.

United against COVID-19

Meeting our business commitments amid unprecedented challenges did not deter us from contributing to global efforts to tackle COVID-19 through innovative science.

Biocon is repurposing its psoriasis biologic drug ALZUMAb™ (Itolizumab), an anti-CD-6 IgG1 monoclonal antibody, to treat COVID-19. Earlier during the year,

we received the Drugs Controller General of India's approval to conduct a clinical trial in moderate to severe patients with COVID-19 complications. This trial is underway at multiple hospitals in Mumbai and Delhi and we are seeing an encouraging response from patients being treated with Itolizumab.

Our research services subsidiary Syngene has repurposed one of its high-end laboratories to conduct RT-PCR tests for COVID-19, helping scale up the testing capacity in Bengaluru by offering their services for free to government hospitals. Syngene is also working to supply reagents (primers and probes) for COVID-19 diagnostic testing to clients. At the same time, it is collaborating on research projects related to vaccine development, which could represent a longer-term solution for fighting the coronavirus pandemic.

Caring corporate citizen

Going beyond business, we are addressing the needs of the disadvantaged and underserved populations through our Corporate Social Responsibility (CSR) initiatives.

Biocon Foundation touched nearly 230,000 lives in FY20 through various healthcare delivery programs.

Biocon Foundation continues to make consistent long-term impact in improving the public healthcare system through its various programs. **The Foundation touched nearly 230,000 lives in FY20 through its various healthcare programs such as eLAJ smart clinics, NCD clinics and oral cancer screening camps.**

The sustainability ethos at Biocon Foundation drives our efforts to resuscitate Bengaluru's dying lakes. After reviving the Hebbagodi lake, the Foundation has started work on rejuvenating the polluted Yarandahalli lake in the vicinity. Embankment strengthening, fencing and lake de-weeding have been completed. Artificial floating wetlands have also been deployed for continuous natural cleaning of the water and a green belt has been developed around the lake.

The Foundation also responded to the plight of daily wage earners and migrant laborers affected by the economic fallout of the COVID-19 crisis and provided dry ration food kits to thousands of migrants in Bengaluru, Hyderabad and Visakhapatnam. Biocon and its employees also contributed to the PM CARES Fund. The Foundation also contributed additional funds to the Chief Minister's Fund for relief and rehabilitation work in the areas of Karnataka that were worst hit by devastating floods in 2019.

Through Biocon Academy, we are helping upskill life sciences graduate and post-graduate students with world-class training. **In FY20, 120 students successfully graduated from the Academy and found jobs with leading biotech and biopharma companies in India.** Over 20 faculty members from more than 10 universities and colleges across India and Malaysia also received training under the Biocon Academy Certificate Program in Faculty Development.

Management and Board changes

Dr Arun Chandavarkar retired as Chief Executive Officer (CEO) and Joint Managing Director of Biocon in November 2019, after 29 years of outstanding contribution to the evolution and success of the Company. Siddharth Mittal, who was President, Finance and a core member of the leadership team since May 2013, succeeded him. I am confident that as CEO and Managing Director of Biocon Ltd, he will build immense value for Biocon and its stakeholders. Starting April 1, 2020, I have taken on the responsibility of steering the Company as Executive Chairperson for a period of five years.

During the financial year under review, Dr Jeremy Levin resigned as an Independent Director from the Board owing to his expanding commitments in the U.S. and Russell Walls stepped down as an Independent Director on attaining the age of 75 years. We thank both of them for their valuable contribution to the Company.

As the situation improves and spending returns, there will be tremendous opportunity for a ramp-up in generics and biosimilars sales.

Dividend declaration postponed

Owing to the uncertainty created by the unprecedented circumstances of the COVID-19 pandemic, the Board of Directors has deemed it prudent not to declare a dividend for FY20 in order to prioritize cash and maintain liquidity. As the business environment evolves over the coming months, the Board will review the proposal for dividend as appropriate for FY21.

Looking ahead

Spending on medicines across the globe for non-COVID diseases has been reprioritized with healthcare systems strained due to the pandemic. As the situation improves and spending returns, there will be a tremendous opportunity for a ramp-up in generics and biosimilars sales. **Our differentiated offerings across segments position us well to make a significant impact in a post-COVID world.**

Finally, I would like to thank our esteemed shareholders, partners and other stakeholders for putting their faith in us. We are confident of emerging stronger together from this global crisis.

Thank You.

Yours sincerely,
Kiran Mazumdar-Shaw
Executive Chairperson
June 15, 2020

CEO's Message

Siddharth Mittal
CEO and Managing Director

Scaling up to expand **affordable access**

Impacting lives in a rapidly changing landscape

At Biocon, we are working tirelessly to make life-changing medical therapies affordable and accessible to all. We had a strong year in FY20 despite economic weakness in some emerging markets including India, and the significant turmoil of the COVID-19 crisis, which has produced unprecedented uncertainty and an immense economic fallout the world over. Global growth prospects and business confidence suffered as evidenced by the volatility and capital flight in financial markets.

Despite these headwinds, global healthcare markets continue to grow on the back of ageing demographics, rising non-communicable diseases, advances in technology and specialty treatments, and accommodating regulatory environments. At the same time, the impact of these drivers will be tested against the longer-term outcome of the pandemic, increased payer scrutiny, loss of revenues from genericization and rising competition in biosimilars.

To make a significant impact amidst a challenging backdrop, companies will need to focus on developing innovative and differentiated products whilst monitoring costs and establishing new engines for growth, measures which have long been the mainstay of our strategy at Biocon.

Renewed focus on Small Molecules

We had a strong year in FY20 despite economic weakness in some emerging markets including India, and the significant turmoil of the COVID-19 crisis.

The Small Molecules business, which has been a key anchor of our success and the largest contributor to revenue, saw a renewed focus this year as the direct result of the restructuring exercise we commenced three years ago. Over FY20, the business revenues grew by 18% to ₹ 20,937 million, crossing the ₹ 20 billion revenue milestone. The Generic Formulations business in the U.S. was the main driver of this growth backed by consistent client acquisitions and increased market share for our key APIs.

Despite being a relatively late entrant in the generic formulations space, we have captured a mid- to high- teens share in a crowded U.S. market owing to our commitment to quality, affordability and reliability. Encouraged by this success and to avail the significant growth opportunities in the global generics space, we identified our key strategic priorities which coupled with our excellence in execution, will enable us to establish ourselves as the market leader in our targeted product and technology segments.

Our starting point was the identification of a product portfolio, which will set us apart from the competition and leverage our existing strength in differentiated APIs. This led us to select products where we can further integrate based on the strength of our APIs and develop technology-intensive formulations such as injectables and complex oral solids. Accordingly, we have built a pipeline of niche, difficult-to-make molecules with high barriers to entry. Our therapeutic areas of focus are diabetology, cardiology, nephrology, immunology and oncology. Therapies in each of these segments will contribute towards the lion's share of healthcare spending over the next five years.

Whilst we build these future engines of growth, we are conscious of retaining focus on our base business by expanding our existing customer base, focusing on cost control and efficiency, enlarging our manufacturing base and reducing our supply chain reliance on a single vendor or geography. In order to further increase our global scale in the manufacturing of fermentation products, we commenced construction on a greenfield, fermentation-based manufacturing facility in Visakhapatnam, Andhra Pradesh in FY20. We are investing ₹ 6 billion in this facility, which will enable us to deliver on our vertically integrated strategy of developing and commercializing our own generic formulations and meet the needs of our API customers.

Our key strategic priorities coupled with our excellence in execution will enable us to scale up our Small Molecules business and establish ourselves as the market leader.

Having achieved critical mass in generic formulations in the U.S., we now plan to grow our geographic footprint in the coming year and have identified 10-15 key emerging and developed markets where we will establish a presence either directly or through a business partner. In FY20, we entered China through a license and supply agreement with China Medical System Holdings Ltd.

Though we remain focused on growing our Generic Formulations business and sustaining our base business, we also believe that our impeccable quality

compliance record and human capital are our key differentiators. As a result, we have embarked on a journey to digitize quality processes across the value chain and focus on people development initiatives across levels to further strengthen our organization.

Continued momentum in Biologics

FY20 was yet another great year for the Biologics business, which grew 29% in revenues to end the year at ₹ 19,513 million. We became the first Indian player to launch biosimilar Trastuzumab, Ogivri, in the U.S. through our partner Mylan, and recently received U.S. FDA approval for Insulin Glargine, Semglee, paving the way for its launch by the partner.

A key development for the Biologics business in FY20 was the investment of USD 75 million against a 2.44% equity stake by Activ Pine LLP, an affiliate of the True North Fund.

This unlocking of value enables us to fund capex investments to further strengthen our business.

We became the first Indian player to launch biosimilar Trastuzumab, Ogivri, in the U.S. through our partner Mylan.

In our Novel Biologics portfolio, we progressed our Phase I trial for our novel first-in-class oral insulin molecule Tregopil. We strengthened the team of our subsidiary Bicara Therapeutics, which is focusing on the development of novel bi-functional fusion antibodies as part of our immuno-oncology program.

Strong performance in Research Services

Over the year, our Research Services arm Syngene recorded a revenue growth of 10%, closing the year at ₹ 20,119 million driven by growth in Discovery, Development and Manufacturing Services. To meet their growing demand, the business continued to make technology and infrastructure investments commissioning new research facilities in Bengaluru and Hyderabad. The construction of the API manufacturing facility in Mangaluru has been completed and it will go through the process of qualification and validation during FY21 before it is ready for full-scale GMP commercial operations.

Pricing pressures impact Branded Formulations

Over FY20, revenues from the Branded Formulations business declined 18% to end the year at ₹ 5,362 million. The business faced pricing pressures in both its markets, India and UAE. In India, we saw downward pricing pressures and increased competition in our key assets whilst in the UAE, the Ministry of Health mandated a re-pricing of branded generics, which resulted in a 40% price decline across 60% of our product range. On the positive side, our biosimilar Trastuzumab Canhera captured 30% of the market share by volume in its first year of launch and our diabetes products increased sales by 30% during the year under review.

Whilst we were addressing these challenges, our joint venture partner in the UAE came under investigation for governance issues which are likely to have a reputational impact on our joint venture entity, NeoBiocon. As a Company, we are committed to upholding the highest standards of governance, and consequently, we took the decision to wind up the entity.

Strong consolidated financials: FY20

On a consolidated basis, over the year in focus, we delivered a robust 15% growth in revenue to end the year at ₹ 65,286 million. EBITDA also grew 15% to ₹ 17,645 million at a margin of 27%, similar to the previous year, whereas core EBITDA margins improved from 32% last year to 33% this year. Net profit before exceptional items grew 4% to ₹ 7,600 million at a margin of 12% for the year.

As we enter FY21, there are significant efforts underway to improve efficiencies, add to capacities & capabilities and enhance the quality of our human capital.

Looking ahead

As we enter FY21, there are significant efforts underway to improve efficiencies, add to capacities & capabilities and enhance the quality of our human capital. Over the last decade, we embarked on a journey with the objective of unlocking value in our Biosimilars business, investing a billion dollars over the period. Today, we are positioned to emerge as the market leaders in biologics and monetize our assets to fund the next phase of our growth. We are now embarking on scaling up our Small Molecules business with a renewed focus to build a robust portfolio that will drive future growth. The progress we have made in the past year has laid the foundation for an inspiring future, creating long term value for all our stakeholders and impacting humanity in profound ways.

I would like to thank all our shareholders for the confidence they have placed in us and look forward to their continued support.

Thank You.

Yours sincerely,
Siddharth Mittal
CEO and Managing Director
June 15, 2020

Financial FAQs

Finances in **perspective**

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

For the financial year ended March 31, 2020, our consolidated revenue grew 15% from ₹ 56,588 million to ₹ 65,286 million. The Biologics segment led revenue growth with a 29% increase (₹ 19,513 million vs. ₹ 15,169 million in FY19). This was well supported by 18% growth in Small Molecules (₹ 20,937 million vs ₹ 17,728 million in FY19), and 10% increase in Research Services (₹ 20,119 million vs ₹ 18,256 million in FY19). Branded Formulations saw revenue decline by 18% (₹ 5,362 million vs ₹ 6,564 million in FY19).

EBITDA* margin at 27% remained similar to the previous year while core EBITDA margin (i.e. EBITDA margin net of licensing, impact forex and R&D expenses) improved from 32% to 33% in FY20.

Net profit (before exceptional items and associated tax) improved 4% to ₹ 7,600 million (₹ 7,291 million in FY19).

**EBITDA - Earnings before interest, tax, depreciation and amortization*

The Biologics segment led revenue growth with a 29% increase. This was well supported by 18% growth in Small Molecules and 10% increase in Research Services.

2. What has been the estimated financial impact of the current coronavirus crisis (COVID-19) on the performance of the Company? What further impact of COVID-19 do you expect going into FY21?

The outbreak and rapid spread of the COVID-19 pandemic had a severe impact on economies and businesses globally. We put into place business continuity plans to minimize this impact. Overall, COVID-19 did not have a big impact on FY20 performance, except for the Biologics business getting impacted in the fourth quarter.

Under the current circumstances, whilst we expect a continued short term impact, particularly in the first quarter of FY21, we expect growth to normalize from Q2 FY21 onwards. There remain uncertainties on how this pandemic situation will evolve, and that remains a risk for the Company. These include risks related to employee safety, supply chain, customers, business development efforts and cash flows of the Company.

Employee safety is paramount for us at Biocon and we are proud to have maintained an infection-free environment in all our sites. It has enabled us to carry out normal manufacturing operations. Detection of any infection related to COVID-19 in an employee or a set of employees in the future can lead to hampering of our normal manufacturing operations. While we do not envisage shutting down operations, the said manufacturing unit would be sanitized as per protocol, and operations would be restarted. This would, however, be subject to

the availability of employees to carry out these operations and result in delays in supplies and potential loss of revenue for the Company.

The COVID-19 pandemic has illustrated the need to have robust supply chains in this connected world of global commerce. Any impact on inbound logistics, especially for raw materials and outbound logistics for customer supplies can have a direct impact on the operations of the Company. This can be aggravated further by reduced availability of raw materials, whether sourced locally, nationally or imported from overseas. While the Company maintains a few months of critical raw material inventory, and supply chains have fast normalized in the first quarter of FY21, any new and longer duration disruption on the supply chain can affect manufacturing operations and adversely impact our financial performance.

New business development has traditionally been carried out by visiting conferences and trade shows to showcase the products and capabilities of the Company. New leads generated ultimately lead to new business opportunities for the Company. In light of the global restrictions on travel, digital tools are being used by the Company to scout for new business in place of the in-person meetings done earlier. While travel restrictions have recently been eased in India, there remains a ban on international travel. If the situation carries on for a long period and employee travel for business does not resume due to safety concerns, business development efforts can be impacted and thereby affect the growth plans of the Company.

The pandemic can also impact our customers adversely and can have a direct bearing on our performance. If our customers are forced to reduce or stop purchases either due to lack of demand or their inability to sustain their operations during this crisis, it can affect our financial performance.

While the Company is continuously assessing the above risk factors through a robust business continuity plan and has taken steps to preserve cash and maintain liquidity, any new long term shutdown as a result of COVID-19 can adversely impact the cash flows of the Company.

In FY21, gross R&D expenditure is expected to remain between 12% and 14% of revenues ex-Syngene.

3. Gross R&D spends during FY20 were 12% of revenues (ex-Syngene). Do you see this trend continuing into FY21? Would you be able to comment on the deployment of the R&D budget?

R&D remains an integral part of all our businesses and we will continue to invest in the R&D pipeline across all our business segments. We have a rich pipeline of 28 molecules in our Biosimilars business which will require investments. We continue to build on our portfolio of complex generic products in-line with our long term growth strategy. Additionally, we will continue to invest in our select pipeline of novel biologic products.

Absolute spends on R&D programs are expected to increase in FY21 over FY20 levels. Gross R&D expenditure is expected to remain between 12% and 14% of revenues ex-Syngene.

4. How much did Biocon spend on capital expenditure (excluding intangible assets) in FY20 for the Small Molecules and Biosimilars businesses? What are the expectations for FY21 and how will it be funded?

Capital expenditure during FY20 stood at ₹ 9,742 million. In Small Molecules, capex spends were largely related to the construction of the new greenfield facility in Visakhapatnam for immunosuppressant products. In Biosimilars, major spends were on account of the greenfield antibody facility in Bengaluru, incremental drug substance and drug product capacities within existing plants and R&D facility in Chennai.

We expect capex spends to be USD 200 million in FY21, split equally between Small Molecules and the Biosimilars businesses. The capex will be funded through a combination of contribution from internal accruals, debt raise as well as additional private equity investment in Biocon Biologics.

We expect capex spends to be ~USD 200 million in FY21, split equally between Small Molecules and the Biosimilars businesses.

5. What kind of revenue growth is expected in Small Molecules over the next two years? How should this segment evolve over the next 3-5 years?

In FY20, the Small Molecules segment recorded revenues of ₹ 20,937 million, a growth of 18% over FY19. We expect revenue growth in this segment to be between high single-digit and low teens over the next two years.

Currently, the API business contributes significantly to the Small Molecules business segment. However, going forward, the growth in this segment will be driven by the generic formulations opportunity in the U.S. We expect revenue contribution from the Generic Formulations business to increase from the current level of ~20%, to higher levels over the next five years.

6. What makes you confident of the Biosimilars business achieving the aspirational revenue target of USD 1 billion by FY22?

The market opportunity is expected to double over the next couple of years with developed market sales projected to increase in FY21 and beyond. The recent launch of Trastuzumab in the U.S., the upcoming launch of Insulin Glargine in the U.S., and Pegfilgrastim in the EU coupled with the launch of Insulin Aspart and Bevacizumab in EU and U.S. markets through Mylan in the next calendar year will be drivers of this growth. This will be supported by increased penetration of Pegfilgrastim in the U.S. and Insulin Glargine and Trastuzumab in the EU.

We also believe that the demand for biosimilars in Most of the World (MoW) markets is rapidly increasing and will be a meaningful contributor in our growth journey to USD 1 billion revenue target by FY22. We already have a presence in the majority of the top 20 markets, which should aid expansion in MoW markets with further uptake, launch of new products and entry into new markets.

We are well-positioned for success as an early mover in the biosimilars space with a large portfolio of products and limited competition in some of the molecules. Our aim is to be a leading biologics player globally and our ambition is supported by our global scale and competitive cost structure.

We have strong confidence in our partner's long-term capabilities from a physician, payer and hospital standpoint to fully execute commercially on the growing biosimilar portfolio throughout FY21 and beyond. We are therefore confident to reach our target of USD 1 billion by FY22.

From a geographic split of revenue in FY22, we expect the U.S. to be the dominant contributor, followed by MoW markets, and lastly Europe and other developed markets.

We expect the U.S. to be the dominant contributor followed by MoW markets to our FY22 revenue target of USD 1 billion for the Biosimilars business.

7. Why did Branded Formulations business report a muted performance in FY20? Could you provide us with reasons for the underperformance and the future plans for the UAE business?

The Branded Formulations business underperformed again during FY20 with revenues declining 18% to ₹ 5,362 million as compared to ₹ 6,564 million in FY19.

The India business was challenged with pricing pressure which led to a decline in revenues. There were also logistics and distribution disruptions in the month of March which contributed to a further decline in revenues for the full year.

The Branded Formulations business in the UAE through our joint-venture (JV) entity NeoBiocon faced significant business challenges resulting from mandated price reductions from the Ministry of Health, UAE. This led to a steep decline in revenues in FY20 over FY19, and the JV entity reported a large loss for the year, which is unsustainable on a small revenue base.

Our JV partner in UAE came under investigation for governance issues which could have a reputational impact on the JV. As a company committed to the highest standards of governance, we decided to shut down the operations in the UAE for the Branded Generics business and wind up the JV entity.

However, our Biosimilars business in the UAE comprising Insulin Glargine and Trastuzumab is not impacted. These products will continue to be marketed in the UAE through Biocon Biologics.

8. During FY20, Biocon Biologics raised USD 75 million in private equity (PE) money from Activ Pine LLP. When is the next round expected? What would the funds be deployed for? If there is any delay in the PE fund raise due to COVID-19, will that impact the growth plans for the business?

It is important for us to unlock value in the Biosimilars business and hence we continue to engage with potential investors for raising the next tranche of investment in Biocon Biologics. The expected PE raise will be deployed towards the group's funding requirements over the medium term across Small Molecules and the Biosimilar businesses.

In case of a delay in the next round of the PE fund raise, we do not envisage any impact on the timing of our investments and our growth plans as we have enough headroom for additional leverage. Additionally, as the Biosimilars business scales up next year and generates the kind of margins that have been indicated, it will also generate operating cash to fund our investment objectives.

We intend to list Biocon Biologics on the Indian capital markets in the next two to three years.

9. What are the timelines for the Biocon Biologics initial public offering (IPO)? What could be the potential size of the IPO?

We intend to list Biocon Biologics on the Indian capital markets in the next two to three years. However, it would be early to comment on specific IPO timelines as it is dependent on business performance and market conditions.

As and when we are ready to approach the capital markets for an IPO we will keep our shareholders informed on the timing and the potential size of the IPO offering.

10. Why has the Company not declared a dividend in FY20?

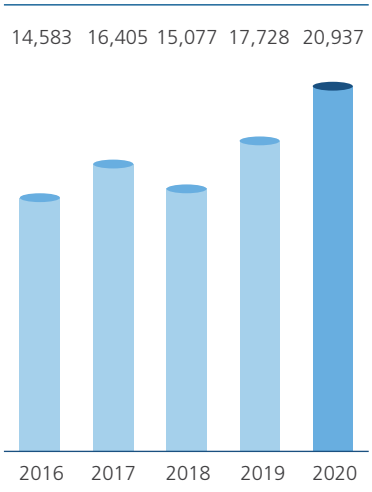
Given the cash requirements of the business and uncertainties associated with the COVID-19 pandemic, the Board of Directors has deemed it prudent not to declare a dividend for FY20 in order to preserve cash and maintain liquidity. As the business environment evolves over the coming months, the Board will review the proposal for dividends as appropriate for FY21.

Financial Highlights

Segment wise revenue*

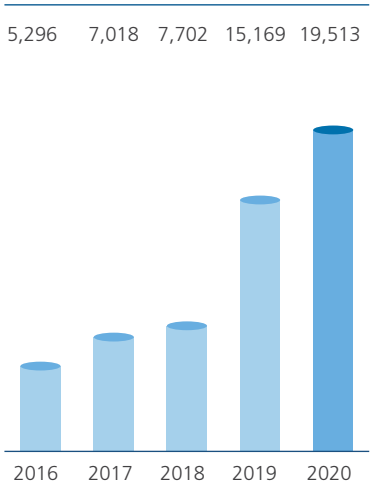
Small Molecules
₹ Million

Growth **18%**



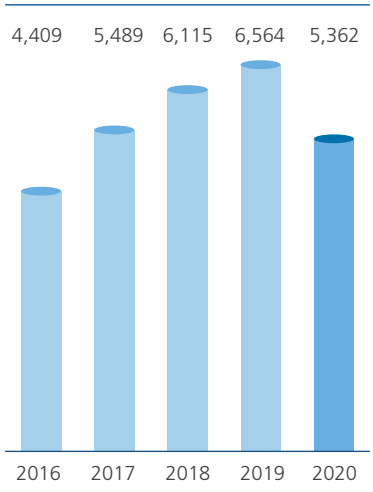
Biologics
₹ Million

Growth **29%**



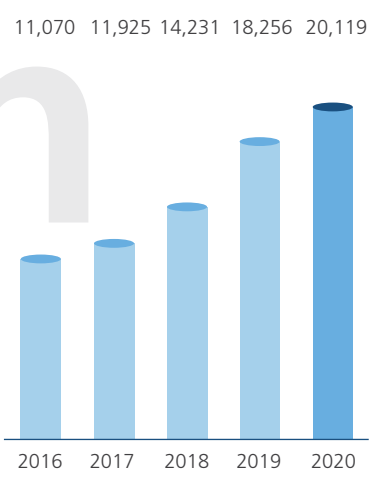
Branded Formulations
₹ Million

Growth **-18%**



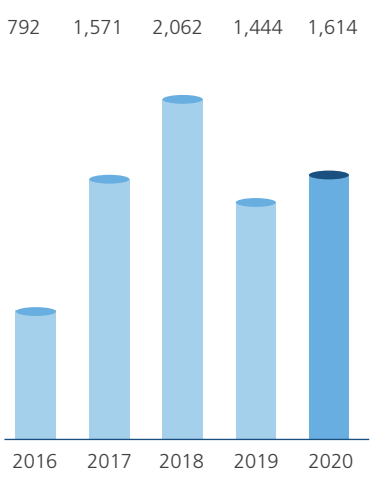
Research Services
₹ Million

Growth **10%**



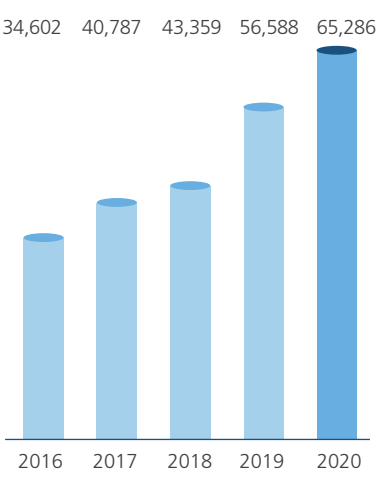
Other Income
₹ Million

Growth **12%**



Total Revenue
₹ Million

Growth **15%**

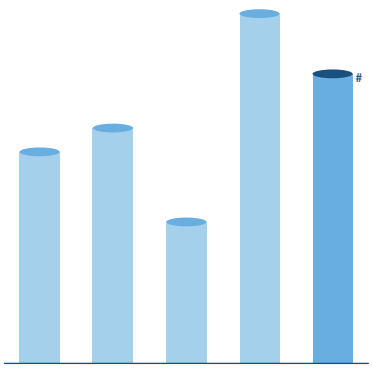


**includes inter-segment revenue*

Profit^
₹ Million

Growth -17%

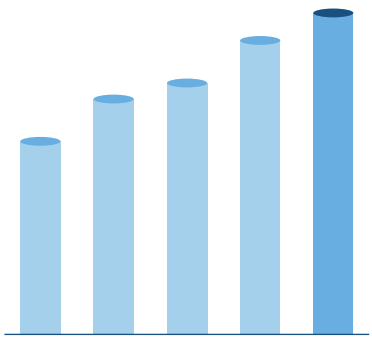
5,504 6,121 3,724 9,053 7,482



Net Worth
₹ Million

Growth 10%

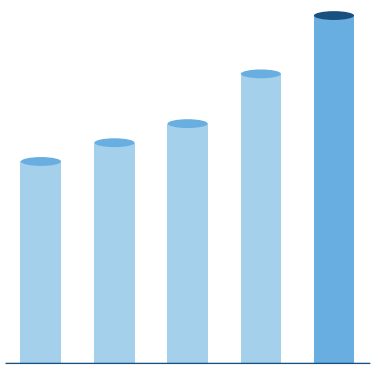
40,338 48,377 51,808 60,980 67,058



Total Assets
₹ Million

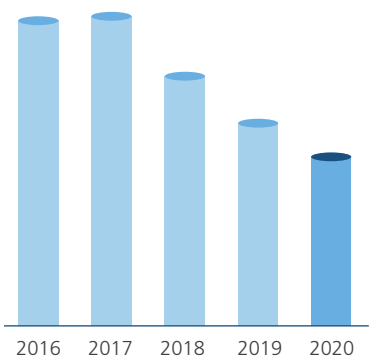
Growth 18%

84,581 93,942 99,897 1,21,924 1,44,438



Current Ratio
₹ Million

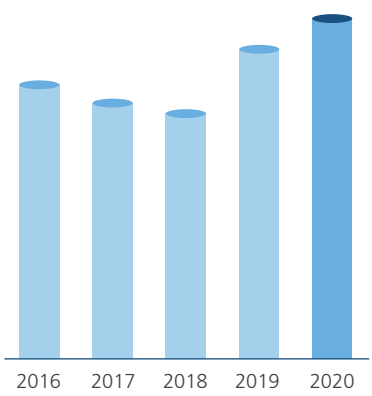
2.38 2.41 1.94 1.61 1.33



Gross R&D Spend
₹ Million

Growth 10%

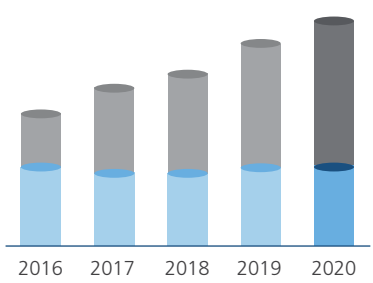
4,267 4,019 3,804 4,796 5,271



Debt : Equity
₹ Million

Equity
40,338 48,377 51,808 60,980 67,058

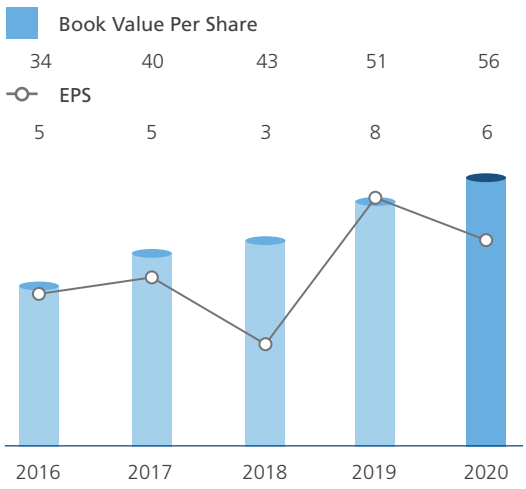
Debt
24,777 23,025 22,640 24,070 26,254



^includes exceptional item for the years 2016, 2019 and 2020
#Excluding exceptional gain of ₹ 1,762 million in FY19, FY20 PAT grew 4%

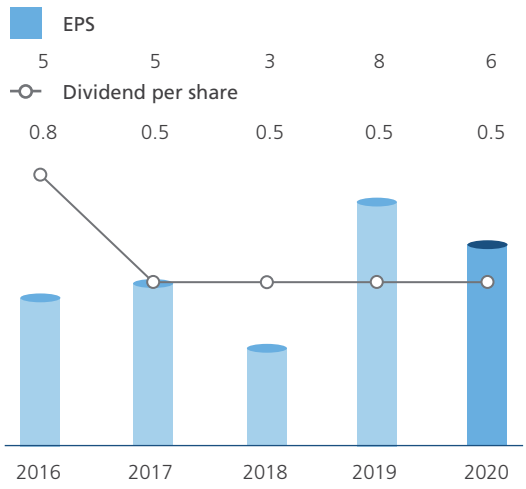
EPS & Book Value Per Share#

₹ Million



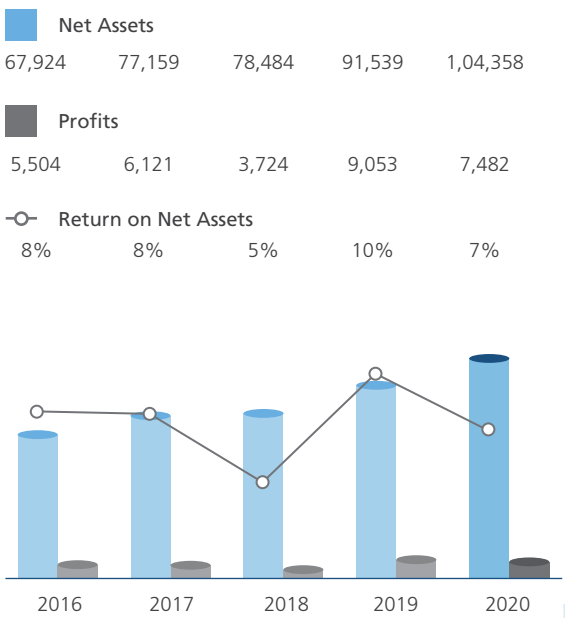
EPS & Dividend Per Share#

₹ Million



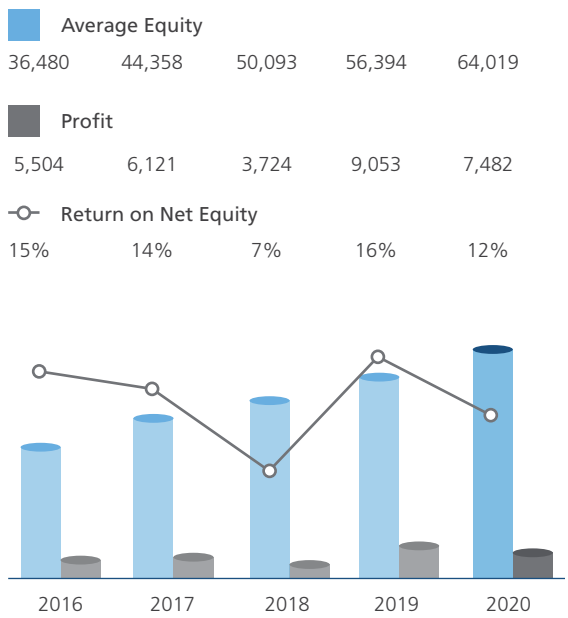
Return on Net Assets@^

₹ Million



Return on Net Equity^

₹ Million



^includes exceptional items for the years 2016, 2019 and 2020
#2016 - 2019 are adjusted for bonus issue in 2020
@Net Assets = Total Assets - Current Liabilities

Board of Directors

The guiding force behind **our impact story**

Biocon's Board of Directors comprises qualified personnel who possess relevant skills, expertise, and competence for the effective functioning of the Company. Our directors serve as a source of advice and counsel in ensuring the highest levels of corporate governance through risk control and regulatory compliance. They also act as mentors for the management in value creation and value enhancement, whilst upholding our firm commitment to ethics and values.

This diverse and multidisciplinary group of knowledgable and experienced professionals provide the necessary expertise and guidance in our journey of making a significant impact on global healthcare by increasing patient access through affordable innovation. 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 across Research & Innovation and Scientific Knowledge, General Management, Finance & Risk Management, Corporate Governance & Compliance, Global Healthcare and Technology & Digital Perspective. Our international board members are based in the U.S., Europe, and Canada and bring diverse perspectives to address the demands of global healthcare. Our Board comprises nine members, including two women members, and an appropriate mix of two Executive Directors, two Non-Executive, Non-Independent Directors and five Independent Directors.

Key expertise of the Board

Board of Directors	Nationality	Research & Innovation	General Management	Finance & Risk Management	Corporate Governance & Compliance	Global Healthcare	Technology & Digital Perspective	Scientific Knowledge
Kiran Mazumdar-Shaw	India	•	•					•
John Shaw	UK/OCI		•	•	•	•	•	
Siddharth Mittal	India	•	•	•	•	•	•	
Prof. Ravi Mazumdar	Canada/OCI	•		•			•	
Mary Harney	Ireland	•			•	•		
Daniel M. Bradbury	U.S.	•	•	•	•			
Dr. Vijay Kumar Kuchroo	U.S./OCI	•					•	•
M. Damodaran	India		•	•	•			
Bobby Parikh	India		•	•	•			

OCI = Overseas Citizen of India

Kiran Mazumdar-Shaw

Executive Chairperson

Chairperson of the Board of Directors since inception
Year of birth: 1953

Professional experience

- First-generation entrepreneur
- Founded Biocon in 1978
- Non-Executive Chairperson, Syngene International
- Board member, Infosys
- Board member, Narayana Hrudayalaya
- Board member, United Breweries
- Member, National Academy of Engineering (NAE), U.S.
- Full-term member, MIT Corporation, U.S.
- Member, Board of Directors, U.S.-India Business Council
- Member, Advisory Council, UK-India Business Council
- Member, Board of Trustees, Keck Graduate Institute, U.S.
- Global Alumni Ambassador, Australia
- Signatory, The Giving Pledge
- 45 years of experience in Biotechnology

Recognitions

- Recipient of Padma Shri (1989), Padma Bhushan (2005)
- Recipient of EY World Entrepreneur of the Year (2020) and EY Entrepreneur of the Year India Award (2019)
- Recipient of Order of Australia (2020)
- Recipient of ICMR's Lifetime Achievement Award for Outstanding Achievement in Healthcare (2019)
- Recipient of AWSM Award for Excellence (2017)
- Knight of the National Order of the French Legion of Honour (2016)
- Recipient of Othmer Gold Medal (2014)
- Recipient of Global Economy Prize for Business (2014)

Education

- B.Sc. (Zoology Hons.), Bangalore University
- Post-Graduate Diploma, Malting and Brewing, Ballarat Institute of Advanced Education, Melbourne, Australia
- Honorary Doctorates from several prestigious universities, including:
  - Deakin University, Victoria, Australia
  - Heriot-Watt University, Edinburgh, UK
  - University of Glasgow, Scotland, UK
  - University of Abertay, Dundee, Scotland, UK
  - Ballarat University, Australia
  - Presidency University, Kolkata, India

John Shaw

Vice Chairman and
Non-Executive Director

Member of the Board of Directors since 1999
Year of birth: 1949

Professional experience

- Foreign promoter and on the advisory Board of various Biocon Group Companies
- Former Chairman, Madura Coats Ltd
- Former Finance and Managing Director of Coats Viyella Group

Education

- M.A. (Economics Hons.) in History and Political Economy, University of Glasgow, UK
- Honorary Doctorate, University of Glasgow

Siddharth Mittal

CEO and Managing Director

Member of the Board of Directors since 2019
Year of birth: 1978

Professional experience

- CFO, Biocon Ltd (2014-2019)
- Vice President, Finance and Corporate Controller with Symphony Teleca
- Held senior leadership positions in finance, including Finance Director of BPO and IT U.S. divisions at U.S. subsidiary of Xchanging Plc
- 20+ years of global and diversified experience in strategic finance and accounting, mergers and acquisitions, taxation and general management

Education

- Certified Public Accountant from Colorado, U.S.
- Chartered Accountant from Institute of Chartered Accountants of India
- B.Com, Symbiosis College of Arts and Commerce, Pune

Mary Harney

Independent Director

Member of the Board of Directors since 2012
Year of birth: 1953

Professional experience

- Former Deputy Prime Minister of the Republic of Ireland (1997-2006)
- First woman leader of an Irish political party
- Youngest member of the Senate at the time and longest-serving female member of the Irish Parliament
- Director of several private companies in pharmaceutical, healthcare, technology and financial services sectors
- Chancellor, University of Limerick
- Chairperson, Pharmed Ltd
- Board member, Diona Technology
- Board member, Euro Insurances
- Board member, Brindley Healthcare
- Board member, Vital Voices Europe

Education

- B.A. (Economics), Trinity College, Dublin

Prof. Ravi Mazumdar

Non-Executive Director

Member of the Board of Directors since 2000
Year of birth: 1955

Professional experience

- University Research Chair Professor, Department of Electrical and Computer Engineering, University of Waterloo, Canada
- Previously professor in several prestigious universities including
  - Purdue University, U.S.
  - Columbia University, U.S.
  - University of Essex, UK
  - INRS Telecommunications, Canada
  - McGill University, Canada
- Editorial board of several technical journals

Recognitions

- Distinguished Visiting Professor at IIT, Bombay
- Adjunct Professor at TIFR, Mumbai
- Fellow of the Royal Statistical Society
- Fellow of the Institute of Electrical and Electronics Engineers (IEEE)
- Recipient of several Best Paper Awards from the IEEE and ITC

Education

- Ph.D. University of California, Los Angeles (UCLA)
- M.Sc. Imperial College, London
- B.Tech in Electrical Engineering IIT, Bombay

Dr. Vijay Kuchroo

Independent Director

Member of the Board of Directors since 2015
Year of birth: 1955

Professional experience

- Samuel L. Wasserstrom Professor of Neurology and Director of Evergrande Center for Immunologic Diseases at Harvard Medical School
- Associate member, Broad Institute
- Senior Scientist at Brigham and Women's Hospital
- Co-Director of the Center for Infection and Immunity, at the Brigham Research Institute, Boston
- Participant in a Klarman Cell Observatory project that focuses on T cell differentiation
- Holds 25 patents
- Founded 5 different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals
- Published over 325 original research papers in immunology
- Serves on scientific advisory boards and works in an advisory capacity to several companies, including Pfizer, Novartis and GlaxoSmithKline

Recognitions

- His paper on development of Th17 is one of the highest cited papers in immunology
- Named Distinguished Eberly Lecturer (2014)
- Recipient of Peter Doherty Award for Excellence in STEM (2014)
- Ranbaxy Award for Medical Research from the Ranbaxy Science Foundation (2011)
- Recipient of the Javits Neuroscience Award from the National Institutes of Health (2002)
- Recipient of Fred Z. Eager Research Prize and medal for his Ph.D. (1985)

Education

- Fogarty International Fellow at The National Institutes of Health, Bethesda
- Ph.D., University of Queensland, Brisbane, Australia

Daniel M. Bradbury

Independent Director

Member of the Board of Directors since 2013
Year of birth: 1961

Professional experience

- Executive Chairman, former CEO and Co-Founder of Equillium Inc., a company developing products to treat severe autoimmune and inflammatory disorders
- Managing Member, BioBrit LLC
- Member, Board of Trustees, Keck Graduate Institute, U.S.
- Member, Advisory Council, Rady School of Management, San Diego, U.S.
- Life sciences executive with over 37 years of experience in creating and implementing strategies and transforming businesses
- Former CEO, Amylin Pharmaceuticals, a leading metabolic disease company, acquired by Bristol Myers Squibb in 2012

Recognitions

- Recipient of Director of the Year Award from Corporate Directors Forum (2012)
- EY's Entrepreneur of the Year Finalist (2012)

Education

- International Executive Program, INSEAD, France
- Diploma in Management Studies, Harrow and Ealing Colleges of Higher Education, UK
- Bachelor of Pharmacy, Nottingham University, UK

Bobby Kanubhai Parikh

Independent Director

Member of the Board of Directors since 2018
Year of birth: 1964

Professional experience

- Founder, Bobby Parikh Associates
- Co-founder, BMR Advisors
- Has been a member of several 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
- CEO, EY in India
- Country Managing Partner, Arthur Andersen
- Works closely with regulators and policy formulators
- Over 30 years of experience in advising several private equity investors, banking groups, investment banks, brokerage houses, fund managers and other financial services intermediaries

Education

- Chartered Accountant, Institute of Chartered Accountants of India
- B.Com, University of Mumbai

M. Damodaran

Independent Director

Member of the Board of Directors since 2016
Year of birth: 1947

Professional experience

- Chairman, RBI Committee on Customer Service in Banks
- Chairman, Ministry of Finance's Committee on setting up Resolution Corporation of India
- Chairman, MCA's Committee on Reforming Regulatory Environment for Ease of Doing Business
- Founder Chairman, Excellence Enablers Pvt Ltd, a Corporate Governance advisory firm
- Founder Chairman, Indian Institute of Management, Tiruchirappalli
- Career civil servant from 1971
- Former Chairman, Securities and Exchange Board of India (SEBI), Unit Trust of India (UTI) and Industrial Development Bank of India (IDBI)
- On the boards of leading Indian corporates as well as on the advisory boards of a few foreign entities
- Former Chief Secretary, Government of Tripura
- 30 years of experience in financial services & public sector

Education

- LLB, University of Delhi
- B.A. (Economics), Loyola College, University of Madras

Committees of the Board

Name of Members	Category	AC		RMC		NRC		SRC		CSR	
		C	M	C	M	C	M	C	M	C	M
Kiran Mazumdar-Shaw	Chairperson and Managing Director*				•		•				
John Shaw	Non-Executive Director										
Siddharth Mittal	CEO and Joint Managing Director*				•						
Prof. Ravi Mazumdar	Non-Executive Director						•		•		•
Bobby Kanubhai Parikh	Independent Director	•		•					•		
Daniel M. Bradbury	Independent Director		•		•			•			
M. Damodaran	Independent Director		•		•						
Mary Harney	Independent Director					•				•	
Dr. Vijay Kuchroo	Independent Director						•				•

*Chairperson (**C**) and Member (**M**) I Audit Committee (**AC**) I Risk Management Committee (**RMC**) I Nomination and Remuneration Committee (**NRC**) Stakeholders' Relationship Committee (**SRC**) and Corporate Social Responsibility Committee (**CSR**)*

**Kiran Mazumdar-Shaw is Executive Chairperson effective from April 1, 2020 and Siddharth Mittal is Managing Director and CEO of the Company effective from April 1, 2020.*

Our Vision

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

Our Values

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

Our Generics **Business**

Our Generics Business

Executive Leadership Team

Siddharth Mittal
CEO and Managing Director

Amitava Saha
Head, Human Resources

Prasad B S V
Chief Operating Officer, Generics & APIs

Abhijit Zutshi
Commercial Head, Global Generics

Manoj Kumar Pananchukunnath
Head, R&D and Regulatory Sciences

Nehal Vora
Commercial Head, Global APIs

Prasad Deshpande
Head, Supply Chain Management

Sriram A V
Head, Quality

Vivek Gupta
Head, Manufacturing

Indranil Sen
Head, Finance and Interim CFO

Our Generics Business

Ensuring access through **quality, affordability, reliability**

Our Small Molecules business generated strong revenue growth of 18% in FY20. This was the second consecutive year of high-teens growth reported by the business despite the challenging environment of the global pharmaceutical industry. As the biggest contributor to Biocon's consolidated revenue, the Small Molecules business has been a cornerstone of the Company's success story over the last two decades.

With minimal investments, it has generated a steady revenue growth over the last decade and enabled Biocon's foray into the capital-intensive biosimilars business. With the launch of several of our biosimilars in developed and emerging markets, the Biologics segment has grown to a size nearly equal to the Small Molecules business and has matured to meet its own capital needs.

Over the past year, we intensified our focus on the Small Molecules business and identified key strategic priorities which will enable the business to realize the significant growth opportunities in the global generics space. Our strategy is to build a portfolio of fermentation-based and other differentiated Active Pharmaceutical Ingredients (APIs), with vertical integration to supply Generic Formulations to the U.S. market.

₹ 20 billion
Key annual revenue milestone crossed for the first time in FY20

₹ 6 billion
Investment in setting up greenfield manufacturing facility in Visakhapatnam

USD 127 billion
Combined value of drugs for which patents will expire between 2020 and 2023

~ 280*
Patents obtained by Small Molecules business

~ 800* MT
Cumulative weight of APIs supplied globally

**As of March 31, 2020*

The year gone by

The Small Molecules business crossed an annual revenue milestone of ₹ 20,000 million led by the Generic Formulations business, which reported robust growth in the U.S., driven by consistent client acquisitions and a higher market share for the three formulations commercialized under our own label, Rosuvastatin, Simvastatin and Atorvastatin. This was supplemented by the API business which benefitted from improved price realizations and an optimized product mix. Immunosuppressant sales increased in key geographies, whilst the demand for our statins and specialty APIs remained stable.

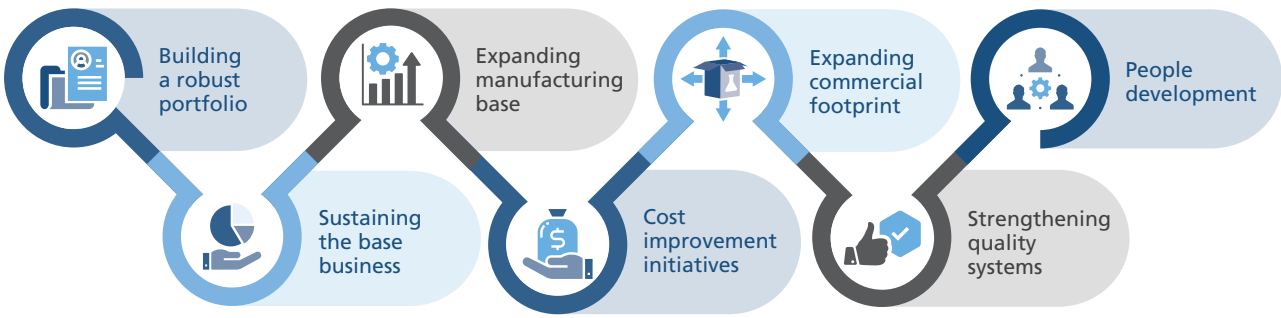
We had a good year on quality compliance as well. Our formulations manufacturing facility for oral solid dosages in Bengaluru completed a Pre-Approval Inspection (PAI) by the U.S. Food and Drug Administration (FDA) with zero observations. Our Small Molecules APIs manufacturing facility at Biocon Park, Bengaluru received an EIR (Establishment Inspection Report) from the U.S. FDA for the pre-approval and GMP inspection held in January 2020 with a VAI (Voluntary Action Indicated) status for the five observations. Additionally, we received an EIR from the U.S. FDA for our Small Molecules API Manufacturing Facility at 20th KM, Biocon Campus, Bengaluru, for the post-approval and GMP inspection conducted in February 2020 with a VAI classification for the observations, which indicates closure of the inspections.

Strategic priorities

Over the past two decades, Biocon has attained a commanding share of the global APIs market with its distinctive portfolio of fermentation-derived statins and immunosuppressants. We commenced our forward integration journey six years ago which enabled us to build a strong Generic Formulations business in the U.S. with three commercialized products capturing mid- to high-teens market share in a very competitive market on the back of our value proposition of quality, reliability and affordability.

Despite being a late entrant, we believe that the Generic Formulations business offers attractive growth opportunities with the market estimated to reach USD 96 billion by 2023. Between 2020 and 2023, patents will expire on drugs that have combined sales of approximately USD 127 billion. Subsequently, an increasing number of New Chemical Entity (NCE) approvals and patent expiries will continue to drive growth across developed markets. Growth in markets other than the U.S. and EU will be driven by increased generics penetration, ageing populations and expanded patient access which in turn will benefit from rising income levels and improving healthcare infrastructures. We are confident that we will be able to benefit from this opportunity and take the Small Molecules business to the next level by focusing on the following strategic priorities:

7 Strategic priorities



1. Building a robust portfolio

Biocon is recognized as a global leader in fermentation-derived and chemical synthesis-based, high-value APIs. Our success in achieving an enviable market share in statins and immunosuppressants globally derives from our API portfolio selection which is aligned to our traditional strengths of developing and manufacturing these products. While we expand our API portfolio in other differentiated areas such as peptides and high potent APIs, we are confident of replicating the success of our API portfolio in our Generic Formulations business as well.

We have a two-pronged approach to select our Generic Formulations portfolio:

- **Forward integrate based on strength in APIs:** We intend to develop formulations for APIs where we have been strong historically. We want to move up the value chain without compromising the trust that has been built with our API customers over

the last two decades. With the expansion of our API manufacturing capacities, we will be able to meet the demand from both our internal customers (Generic Formulations business) as well as external customers;

- **Develop complex formulations:** On the formulations front, we have selected niche areas such as complex oral dosage and injectables, where we intend to build capabilities, both organically and inorganically by training inhouse talent as well as hiring new talent.

We are making investments to scale up the business by expanding our R&D capabilities for newer fermentation-derived and chemical synthesis-based molecules. Our pipeline includes niche, difficult-to-make, complex molecules with relatively higher entry barriers.

Current API Portfolio

GLIPTINS Peptides
Anti-obesity
Immunosuppressants
Statins Multiple Sclerosis
Fungins ONCOLOGY

Having started with the high-volume statins portfolio, we are progressing to develop drug products in injectable and complex oral solid forms. These would range from fermentation-based immunosuppressants and anti-fungals to certain device-dependent peptides and high-potency oral solids for oncology. We plan to increase the number of ANDA and DMF fillings over the next three to four years and are addressing any gaps in our capabilities, infrastructure and bandwidth to ensure that we meet our targeted number of fillings.

2. Sustaining the base business

One of our key priorities is to ensure sustainability of our base business for which we are taking the following four steps:

- **Expand customer base for existing products:** This will ensure we spread our risk and reduce dependency on a few key customers enabling us to sustain our growth;
- **Expand manufacturing capacities:** Capacity expansion will equip us to capitalize on economies of scale and maintain profitability despite price erosion in the market place. It will also assure integrity of supply chain for our customers;
- **Cost improvement initiatives:** We continue to undertake cost improvement initiatives for commercial products at regular intervals to remain competitive;
- **De-risk supply chain:** We have identified supply chain risks such as single source dependency and procurement risks associated with China for our key products and have built an action plan to mitigate the same to ensure that there is no disruption in supplies to our customers. Mitigation steps implemented proactively enabled us to minimize the adverse business impact during the COVID-19 crisis as we continued product supplies to our clients worldwide despite the unprecedented challenges. Our ability to mitigate risk and ensure uninterrupted supply during the pandemic reinforced customers' trust in Biocon's reputation of reliability.

3. Expanding manufacturing base

Leveraging our historical strength in fermentation technology and large-scale chemical synthesis manufacturing, we have created global scale, cost-competitive, manufacturing capacities to deliver scale, speed and quality for APIs like statins and immunosuppressants.

To secure anticipated growth in fermentation-derived APIs, we commenced construction work on a greenfield, fermentation-based manufacturing facility in Visakhapatnam, Andhra Pradesh in FY20. We are investing ₹ 6 billion to set up this facility, which will enable us to deliver on our vertically integrated strategy of developing and commercializing our own Generic Formulations and service the needs of our global API customers. We expect this facility to be operational over the next three years followed by commercialization based on regulatory approvals in major markets.

In addition to the above, we have identified expansion projects for APIs where we need higher capacities either because of an increase in demand from existing customers or an expansion of the customer base. Manufacturing expansion is also planned for APIs for which formulations have not been commercialized by our customers at present, keeping in mind the market formation date for such products.

For formulations manufacturing, we have decided to pursue a hybrid manufacturing model to optimize our investments. Whilst we intend to expand our capabilities by setting up a manufacturing facility for complex formulations such as injectables, we are actively considering strategic partnerships with CMOs for oral solid dosage.

4. Cost improvement initiatives

In the generics industry, in addition to product quality, cost competitiveness is a vital factor for success. We at Biocon, have consciously strived to maintain a balance between the two key levers – maintaining a robust compliance track record along with retaining a leadership position for key APIs with a double-digit global market share. Over the years, many of our APIs have captured a majority market share including some which command over 50% market share.

With a focus on cost optimization, during the year we incorporated a more structured approach and in addition to reducing direct costs, we implemented initiatives to reduce overall operational costs such as reducing the cost of utilities by increasing the use of renewable energy. Product specific cost improvement initiatives have been aligned to market formation dates and their potential impact on the bottom-line.

5. Expanding commercial footprint

We have achieved critical mass in our Generic Formulations business by building a franchise in the U.S. over the past two years. During this time, we successfully established our presence in the major wholesale and retail channels and we intend to replicate this success in other geographies either directly or through our partners.

In FY20, we entered into a license and supply agreement with a subsidiary of China Medical System Holdings Limited (CMS) for commercializing three of our Generic Formulations products in China. This agreement will allow us an early entry into the world's second largest pharma market, with our U.S. approved products. We will be responsible for development, manufacturing and supply of the products while CMS will be responsible for registration and commercialization. The total addressable market size for three products in Mainland China is a little under USD 1 billion as per IQVIA data. During the year, we also worked out a plan to expand our commercial footprint in key markets in Middle East & North Africa (MENA), APAC, Latin America and Europe regions.

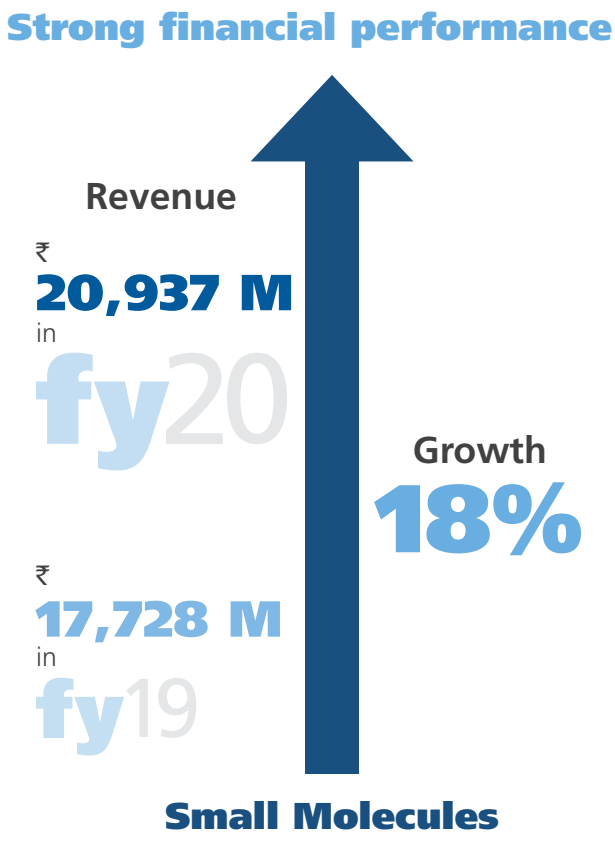
For the API business, we started expanding the customer base to some of the more lucrative and high-growth markets where our historic presence has not been significant. Market entry strategy and execution plans for these markets have been finalized. Expansion of customer base in these markets will further strengthen our API business in the future.

6. Strengthening quality systems

Quality excellence is paramount to everything we do. During FY20, we built on our good track record of quality and compliance with several key inspections, including those conducted by the U.S. FDA. We cleared these audits successfully and are addressing the observations with Corrective and Preventive Action Plan (CAPA) in a timely manner.

Going forward, we intend to further strengthen the quality systems by:

- **Adopting best-in-class quality processes:** We are engaging with world renowned consultants to ensure seamless adoption of best-in-class quality processes;
- **Digitizing our quality processes:** We have finalized the plans to implement digital process in our quality and related functions and anticipate completing the implementation in the next two years;
- **Reinforcing quality culture across the organization:** We are partnering with Biocon Academy to run refresher courses for quality and related functions to reinforce a quality culture across the organization.



7. People development

To deliver on our strategic priorities, we have identified specific people development initiatives that will result in a transformative impact on our human capital. Strengthening our leadership pipeline is key to organizational excellence in the long term and we are implementing customized development plans for leaders, middle management and frontline managers to achieve the same.

For our current business leaders, we plan to implement a structured leadership assessment program that in combination with the individual development plan, will prepare them for the next level of leadership roles. Vital middle management talent, identified through an institutional process, will undergo a customized developmental journey to prepare them to take on higher responsibilities in the organization. Biocon's robust performance management process and internal talent movement plans will effectively guide individual contributors and line managers in their career growth within the organization.

As part of our renewed focus on the Small Molecules business, we are strengthening our technical competency framework to increase cross functional movements, challenge the internal talent towards new learning and improve our future readiness. In light of the nature of our industry and the credibility that Biocon has built over time as a quality-oriented organization, one of the initiatives is to augment digitalization through a better validated learning management system which will enhance training capabilities. We are also implementing structured programs to enhance manufacturing capability and quality mind-set which will rejuvenate the employees in GMP functions to execute the organizational vision.

Outlook

During the past year, we intensified our focus on the Small Molecules segment and identified key strategic priorities as detailed above. As a result of this exercise, we are now focusing on executional excellence as we build a vertically integrated pipeline of technology intensive, difficult-to-make molecules which can be commercialized across the globe. We are further investing in building world class manufacturing capabilities, implementing cost efficiencies, enhancing the quality of our human capital and strengthening compliance as we lay the foundations for the next phase of our success.

Generic Formulations Facility, Biocon Park

Our Novel Biologics Business

Pushing scientific boundaries to **deliver impactful innovations**

Biocon's quest to develop affordable therapies and impact global healthcare led us to invest in developing novel biologics and novel targets in the area of large molecules, at a time when the pharma industry in India was focused on the safer business of manufacturing generic medicines. Our considered scientific risk paid off and today we have a pipeline of novel assets comprising early and advanced stage programs spanning multiple modalities including recombinant proteins, novel fusion antibodies and monoclonal antibodies (mAbs).

Our novel pipeline is comprised of therapeutics aimed at diabetes, cancer and autoimmune / inflammatory diseases.

These segments are expected to capture the majority share of global healthcare spending over the next few years.

Insulin Tregopil

Insulin Tregopil is a first-in-class oral prandial insulin molecule for post-prandial glycaemic control. We are preparing a report on the outcome of a recently completed Phase II study in Type 2 diabetes in India. Based on the encouraging safety and efficacy data highlighting effective control of 1-hour and 2-hour post-prandial glucose (PPG) excursion across multiple studies, we are now in the process of submitting a marketing authorization application to Drugs Controller General of India. The application is aimed at gaining approval for a limited indication to treat Type 2 diabetes patients who cannot adequately control their PPG excursion following meal intake.

Additionally, for Type 1 diabetes, we commenced a multiple ascending dose study in Germany in FY20 in partnership with U.S.-based JDRF, a leading organization funding research into Type 1 diabetes.

FmAb2

Biocon's immuno-oncology program focusing on development of novel bi-functional fusion antibodies is housed in its wholly owned subsidiary Bicara Therapeutics, based out of Boston in the U.S.

Bicara received a "study may proceed" advice from the U.S. FDA to initiate a Phase I safety trial, following a successful Investigational New Drug (IND) application in late FY20.

The fusion mAb platform is also being used to generate other novel bi-functional mAbs.

Itolizumab

ALZUMAb™ (Itolizumab), our novel biologic, launched in India for the treatment of chronic plaque psoriasis in 2013, is being repurposed for the prevention and treatment of COVID-19 complications.

We received permission from the Drugs Controller General of India in April to conduct a clinical trial for this novel anti-CD6 IgG1 monoclonal antibody in

patients with COVID-19 complications. This trial is underway at multiple hospitals in Mumbai and Delhi. We are studying the molecule for the prevention and treatment of Cytokine Release Syndrome (CRS), a complication of COVID-19 also referred to as 'Cytokine Storm.' Trial recruitment was completed in June and results are expected by mid-July.

Itolizumab's unique mechanism of action of immunomodulation involves binding to the CD6 receptor and blocking the activation of T lymphocytes, which in turn suppresses the pro-inflammatory cytokines, thus reducing inflammation.

We believe the unique mechanism of action could help prevent and treat CRS, which is a leading cause of death in COVID-19 patients.

We have seven years of post-marketing safety data on this product in psoriasis.

Out-licensing partnership with Equillium: Having biologically and clinically validated CD6 as a target for autoimmune diseases, Biocon had outlicensed Itolizumab to U.S.-based biotechnology company Equillium in 2017. Itolizumab holds the potential of a 'pipeline in a product' with multiple high-value indications. Equillium has three clinical studies underway across the globe for Itolizumab in acute graft-versus-host disease (aGVHD), severe Asthma and Lupus Nephritis.

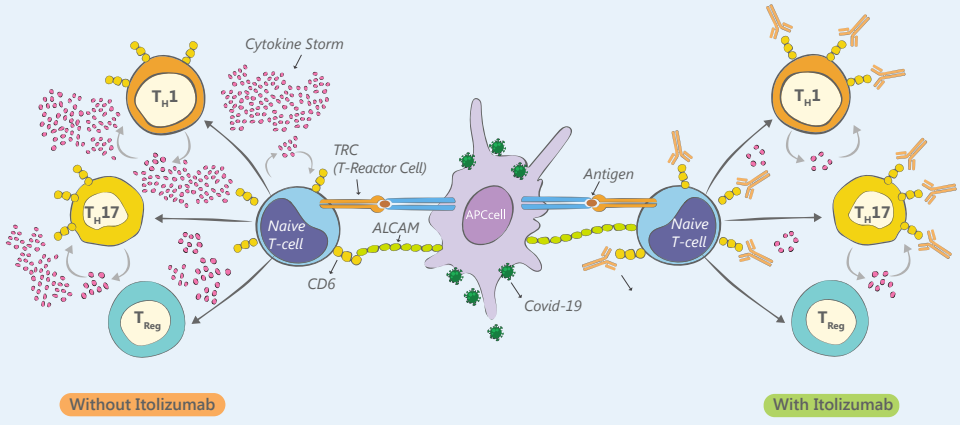
The scope of our licensing agreement with Equillium for Itolizumab, which initially covered U.S. and Canada, was extended to include Australia and New Zealand in FY20.

Outlook

We are evaluating external collaborations to advance our novel assets and further fund the larger studies required to bring these novel molecules to market and realize the full impact of our innovations.

Itolizumab being repurposed for COVID-19

Mechanism of Action (MoA)



Upon COVID-19 viral invasion, the antigen presenting cells (APCs) in the airways/lungs, such as dendritic cells and macrophages, initiate the innate and adaptive T cell responses. This is done through an interaction between CD6 (a surface glycoprotein on the T-cells) and ALCAM (activated leukocyte cell adhesion molecule) which modulates T-cell activation. Itolizumab, our novel biologic, is an anti-CD6 humanized IgG1 anti-inflammatory monoclonal antibody (mAb) that binds to domain 1 of CD6 and inhibits T-cell priming, activation and differentiation. This reduces the release and overproduction of pro-inflammatory cytokines through Th1 and Th17 and contains and controls the cytokine storm associated with COVID-19 complications.

Scientific Advisory Board

Fueling our innovation mission

Alan D. Cherrington, PhD

Professor, Molecular Physiology and Biophysics + Past Chairman, Molecular Physiology & Biophysics Department, Vanderbilt University + 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 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 + 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

Vijay Kuchroo DVM, PhD

Samuel L. Wasserstrom Professor of Neurology and Director of Evergrande Center for Immunologic Diseases at Harvard Medical School, U.S. + Senior Scientist at Brigham and Women's Hospital & Co-Director of the Center for Infection and Immunity at the Brigham Research Institute, 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 + Recipient of Peter Doherty Award for Excellence in STEM 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

Our Branded Formulations Business

Offering patients high quality, differentiated therapies

Biocon's Branded Formulations business is making an impact in India through its wide portfolio of branded small molecule generics, biosimilars and novel biologics in the chronic disease segments of diabetes, cancer, end-stage renal illnesses, immune disorders and other life-threatening conditions.

Segmental revenue at ₹ 5,362 million, which contributed 8% to FY20 consolidated revenue, declined 18% primarily due to significant downward pricing pressures in our leading assets and increased competition for some of our key brands in India. Supply issues and COVID-19-related disruptions at the end of the year further compounded these challenges. The positive performance of the Nephrology, Immunotherapy and Critical Care divisions of the India business was offset by pressure in Metabolics, Oncology and Market Access divisions.

Our Branded Formulations team rose to the challenges thrown by the COVID-19 pandemic and the consequent lockdown in India. To minimise disruption during the crisis, we adopted innovative ways to support physicians and ensure that patients continued to receive our life-saving medicines, including insulin and cancer therapies.

We set up helplines for patients and our field staff worked diligently during the lockdown to facilitate medicine supplies to far-flung areas ensuring the well-being of patients who rely on Biocon's products.

Top brands continue to shine

Among our flagship brands, Insugen® continued to hold its position among the Top 3 human insulin brands in India while Basalog® was the No. 2 brand of Insulin Glargine in the country. CANMAb™ retained its position as the No.1 brand of biosimilar Trastuzumab in India, giving us a firm foothold in Oncotherapeutics.

The Branded Formulations business further built on the considerable brand equity it enjoys with doctors and patients by highlighting Biocon's strengths in cutting-edge science. We shared the results of Biocon Biologics' landmark INSTRIDE-3 study for biosimilar Insulin Glargine among the medical community. The remarkable outcome about the interchangeability of our biosimilar Insulin Glargine with that of the reference product was communicated to thousands of healthcare professional across the country through a series of webinars as well as on-ground SWITCH campaign.

Digital push

During the lockdown, the Branded Formulations team switched to a technology-enabled digital operations model. Webinars, e-detailing, video-based marketing and social media outreach replaced traditional methods of reaching out to customers.

The team is preparing to adopt digital outreach as the new normal. It is gearing up to use new communication platforms with a firm focus on Patients, People, Partners and Business.

Biocon Biologics
Transforming Healthcare. Transforming Lives.

Our Biosimilars **Business**

Our Vision

Most inspiring global leader in Biologics delivering affordable access to innovative and inclusive healthcare solutions, transforming patient lives.

Biocon Biologics
Impact Manifesto

As a fully integrated, pure-play biosimilars organization, we hold a unique position globally. It is time to transform patient lives by delivering affordable access to innovative and inclusive healthcare solutions.

inspire

- Pursue the mission of delivering world-class quality products to millions of patients globally
- Be recognized as a 'partner with a purpose' for global healthcare systems by significantly reducing their healthcare spends
- Create universal access to high-quality insulin nearly 100 years post its development by providing rh-Insulin at less than 10 U.S. cents per day in low- and middle-income countries
- Leverage a technology-enabled operating model to address unmet patient needs going beyond the product in various healthcare archetypes

innovate

- Create a culture of constant innovation where our people are willing and able to contribute their slice of genius, inspired by a clear sense of purpose
- Leverage cutting-edge science, innovative tech platforms and our research & development capabilities to lower treatment costs while improving healthcare outcomes
- Lead the transformation of patient ecosystems in collaboration with partners and disruptive operating models
- Unleash the power of technology to improve the quality of performance, increase efficiency and enable highest levels of quality compliance

include

- Widen access to high-quality biosimilars, reduce healthcare disparities and achieve 'access for all'
- Build on our scale and cost of production advantages and take a leadership position in most of the world (MoW) markets
- Aspire to reach 'one in five' insulin-dependent people with diabetes worldwide through our 'Mission 10 cents' aimed at LMICs

invest

- Platform of 28 biosimilar molecules across diabetes, oncology, immunology, dermatology, ophthalmology, neurology, rheumatology and inflammatory diseases
- Capacity enhancement to support product pipeline and meet expanding global demand
- Pairing of our products with technologies that address the healthcare needs across archetypes of healthcare systems

impact

- Touch 5 million patient lives by FY22
- Aim to reach a revenue milestone of USD 1 billion in FY22
- Be a global leader in delivering high-quality and low-cost biosimilars across the world

Our Biosimilars Business

Executive Leadership Team

Healthcare systems across the world are skewed towards serving the affluent, denying access to many. **We are challenging the status quo by putting 'patients first' 'followed by profits' to make a long-term social impact. Biocon Biologics is co-creating a future that allows access to complex therapies for all.** We believe meaningful change cannot limit itself to the one, or to the few. It must impact the many. The bedrock of this change is a culture of 'collective genius', where each one of us is 'willing' and 'able' to innovate, holding ourselves to the highest standards of ethics and compliance. Our relentless desire to make a real difference pushes us to redefine innovation and build a disruptive business model that lowers treatment costs and improves healthcare outcomes, whilst delivering on shareholder value and our business objectives.

It's TIME

To **bring affordable innovation to many**

To **deliver USD 1 billion in FY 22**

Dr Christiane Hamacher
CEO and Managing Director

To **challenge the status quo**

Dr Gaurav Laroia
Chief Strategy Officer & Head of Business Development

To **redefine innovation**

Dr Gopala Krishna Dasika
Head of R&D

To go **beyond delivering financial results**

Chinappa M.B.
Chief Financial Officer

To **redefine healthcare delivery**

Dr Sandeep Nilkanth Athalye
Head of Clinical Development & Medical Affairs

To **serve millions of patients**

Fionnuala Doyle
Head of Regions

To **partner** for **disruptive solutions**

Paul Vazhayil Thomas
Chief Commercial Officer, U.S.

To create a **sustainable operating model**

Shreehas P Tambe
Chief Operating Officer

To create a **culture** of **continuous innovation**

Seema Ahuja
Global Head of Communications and Corporate Brand

To **give back** and make a **long-term social impact**

Sigrid Martina Koeth
Chief of Staff

To leverage the **collective genius** of all our people

Preeti Kalra
Head of People & Organization Effectiveness

To instill **uncompromising ethics and compliance**

Akhilesh Nand
General Counsel & Chief of Governance, Risk & Compliance

To **lead with a purpose**

Dr Sundar Ramanan
Global Head of Regulatory Affairs

To ensure **world class product quality**

Thibaud Du Merle
Head of Quality

To provide **access for all**

Dr Alexander Zach
Head of Market Access & Policy

To be a **partner 'with a purpose'** across stakeholders

Peter Meeus
Head of Commercial Product & Portfolio Strategy

Dr Christiane Hamacher
CEO and Managing Director
Biocon Biologics

Biocon Biologics aspires to co-create with its stakeholders a patient ecosystem that goes beyond the product to transform the lives of millions of patients globally. It's time to leverage new operating models that facilitate access to life-saving therapies for all. As a global company focused exclusively on biosimilars with full vertical integration, we are uniquely positioned to achieve this ambition. Our 40-year legacy of being on the cutting edge of science has enabled us to simultaneously build global scale with a competitive cost structure.

We have one of the broadest and deepest biosimilars platforms in the industry and many firsts to our credit, including the first U.S. FDA approval for a biosimilar Trastuzumab. The latest U.S. FDA approval of our Insulin Glargine* paves the way for its launch in the U.S. later this year.*

Our culture of continuous innovation supports our agility as we evolve to meet the changing market needs over the next decade. We will continue to innovate and shape the biosimilars market to serve the unmet needs of healthcare systems globally.

*Partnered with Mylan

Our Biosimilar Business

Expanding access through innovative, **inclusive healthcare solutions**

During FY20, we worked towards building Biocon Biologics into the most inspiring global leader in biologics. Our strong foundation, which rests on 40 years of experience in innovative science, clinical development, global-scale biopharma manufacturing, as well as, our experience of navigating an evolving biosimilars regulatory landscape, gives us the confidence to build our business further on the four pillars of Patients, People, Partners and Business.

Our exceptional scientific talent pool and world class R&D infrastructure for developing and manufacturing complex biosimilars together with the commercialization strengths of our partners, position us well to be a global leader in the biosimilars space over the long term. As we move ahead, we are confident of capitalizing on the new global opportunities. We have set ourselves a target of impacting 5 million patient lives and attaining a revenue milestone of USD 1 billion in FY22.

Patients

Patients are at the center of everything we do at Biocon Biologics. During the year, we moved forward on our journey towards delivering affordable access, innovative and inclusive healthcare solutions, and transforming patient lives.

At a time when the world is seeking viable, long-term solutions to improve insulin access and affordability, Biocon Biologics came forward with its **'Mission 10 cents'.** We offered our recombinant human Insulin (rh-Insulin) at less than 10 U.S. cents / day for direct procurement by governments in low- and middle-income countries (LMICs), where high prices keep it out of the reach of millions of patients with diabetes.

The announcement, made in September 2019 at a UNAIDS Health Innovation Exchange event held on the sidelines of the 74th session of the UN General Assembly in New York, was welcomed by UNAIDS.

Biocon Biologics is now engaging with several governments to explore ways to disintermediate the supply of insulin and ensure that insulin pricing is not a constraint to the well-being of individuals and of communities.

We are collaborating with several international organizations, including International Diabetes Foundation, PATH, NCD Coalition and MedAccess to establish Biocon Biologics as a responsible global leader in diabetes management.

At the same time, we are also working closely with the Union for International Cancer Control (UICC) to support cancer societies with the value of affordable biosimilars.

Simultaneously, we are engaging with therapeutic area experts, physicians, scientists, educators, healthcare professionals, government representatives and policymakers, to take forward our 'Mission 10 cents'.

Our efforts to unlock affordable access to insulin received a boost when WHO launched its first-ever insulin prequalification program to increase treatment for diabetes in LMICs.

As a committed global biologics player, we are leveraging our science, scale and expertise to shift the access paradigm for patients in need of biosimilars across the globe.

Policy shaping

We advocated globally to shape policies such that they ultimately benefit patients.

In May 2019, Biocon Biologics presented at the U.S. Food and Drug Administration's (FDA) public hearing to facilitate the development of insulin biosimilars and other interchangeable insulin products to address the soaring cost of these life-saving medications for people with diabetes in the U.S. We advocated for a patient-first, science-based regulatory pathway to approve biosimilar insulins. As insulins are simple proteins, we argued that regulatory requirements should be proportional to the complexity of the molecules.

Subsequently, the U.S. FDA released a draft guidance on Clinical Immunogenicity Considerations for Biosimilar and Interchangeable Insulin Products. The FDA has updated their thinking, in that for some insulin products (when a sponsor demonstrates high similarity with state-of-the-art technology, demonstrating little or no residual uncertainty), there will be no need to conduct a comparative clinical immunogenicity study for interchangeability, which we interpret to mean that there is no need for Phase III clinical trials.

The new policy could help accelerate insulin development programs, ultimately bringing biosimilar insulin products to the market more quickly and benefiting patients.

People

Biocon Biologics recognizes that when we bring together the strengths of our people we can deliver extraordinary outcomes. In pursuit of our mission of global leadership in biosimilars, we are creating an organization-wide, performance-driven culture wherein every individual and each team will understand the long-term vision and align their efforts to it. The human-centered nature of our approach led us to launch Mission 11.5.1, emphasizing on the organization's journey towards touching 5 million patient lives globally, powered by 11 key strategic initiatives enabling us to clock revenues of USD 1 billion by FY22.

Combining the unique strengths of each individual employee has led to the creation of high-performing innovation teams, which are driving the initiatives needed to achieve the vision of 'Transforming Healthcare, Transforming Lives'.

Partners

Biocon Biologics has built strategic global and regional partnerships of a symbiotic nature that have allowed us to share risks, lower costs, maximize efficiencies, expedite development and commercialize products in various global markets. Through our strong network of partners, we continue to expand affordable access to biopharmaceuticals and make an enduring impact on global health.

During the year, Biocon Biologics in-licensed an early-stage preclinical biosimilar asset from Just - Evotec Biologics, a subsidiary of Evotec SE, and will develop, manufacture and commercialize the biosimilar under the Biocon Biologics label in global markets. Just - Evotec received an undisclosed license fee and will receive milestone payments.

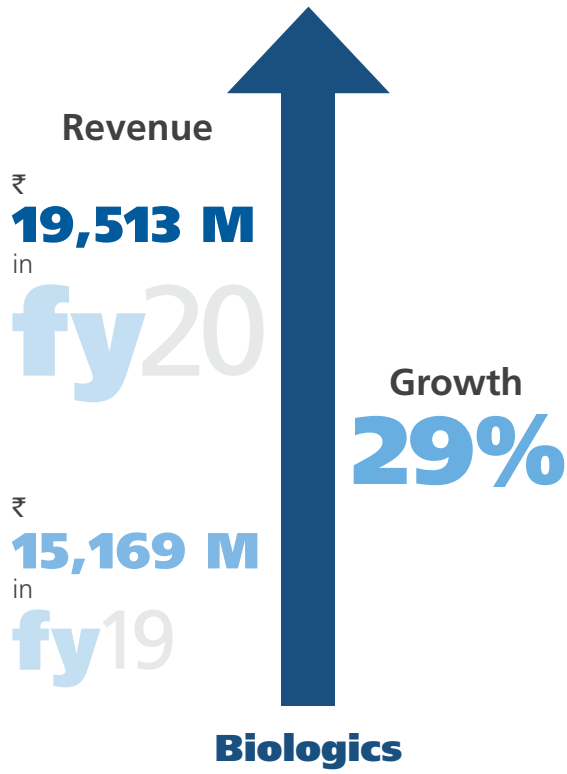
During FY20, our partner Mylan has extended the commercialization rights for in-licensed Hulio™ (biosimilar Adalimumab) from Europe to global markets. Under the terms of our global partnership with Mylan for monoclonal antibodies, we retain an economic interest in this expanded in-licensing arrangement and will gain a share of profits from global markets.

Business

The Biologics business ended FY20 on a strong note, reporting a 29% growth in revenue at ₹ 19,513 million. During the year, we extended our global footprint with the commercialization of some of our key biosimilars coupled with regulatory approvals in developed and most of the world (MoW) markets.

We also enhanced R&D capabilities, expanded manufacturing capacity for our key biosimilars and broadened collaborations to enlarge our biosimilars portfolio.

Strong financial performance



Mission 11.5.1

11 strategic initiatives

5 Million patients

1 Billion USD $ revenue

by FY 2022

Strategic initiatives

Biocon Biologics' vision of transforming healthcare and transforming patient lives is fuelled by 11 key strategic initiatives which will drive the organization to bring Mission 11.5.1 to fruition.

1. Creating a patient ecosystem
2. Broaden access and accelerate funding
3. Living patient centricity
4. Integrating core values into the business
5. Culture of continuous innovation - 'collective genius'
6. Strength-based people development
7. a. Evolving the commercialization model - MoW
   b. Evolving the commercialization model - U.S.
8. Development of product portfolio, capacity, and capability enhancement
   a. COGS reduction and capacity optimization
   b. Accelerate portfolio
   c. Build and enhance pipeline
9. a. Business assurance
   b. Increase in efficiency
10. A strong Biocon Biologics global brand
11. Digitization evolving to digital innovation

1. Creating a patient ecosystem
Reimagining the patient ecosystem by developing a technology-dependent operating model that enables personalization of care, thus going beyond the product to reduce both the cost of the drug as well as the cost of administering the drug.

2. Broaden access & accelerate funding
Disintermediating the value chain, policy shaping through engagement with key stakeholders and finding alternative financing models to broaden access to our high-quality biosimilars in most of the world countries as well as in the developed world.

3. Living patient centricity
Keeping patients at the core of our business by gathering insights from them through digitally enabled platforms and then leveraging data science to integrate these insights into our development programs enabling us to design a service or solution around the patient.

4. Integrating core values into the business
Defining and embedding core values that support, sustain and promote our culture of continuous innovation throughout the organization through constant communication and role modeling.

5. Culture of continuous innovation – 'Collective Genius'
Creating extraordinary outcomes by encouraging a culture of collective genius where everyone's slice of genius is respected and valued, making them both willing and able to innovate.

6. Strength-based people development
Adopting a strengths-based approach that fosters inclusion and diversity of thought that are critical for innovation to occur.

7. Evolving commercialization model : U.S. & MoW
Driving profitable revenue expansion from new geographies and new assets, while optimizing existing market presence by increasing market share profitably and reaching more patients in the process.

8. Development of product portfolio, capacity & capability enhancement
Focus on innovation in manufacturing and supply chain to optimize manufacturing capacity and improve productivity by reducing cost of goods sold (COGS). Accelerate product launches to secure a 'first mover advantage' via shorter clinical studies and accelerated regulatory approvals. Improve our price competitiveness and reach many more patients by effectively managing our production costs.

9. Business assurance and increase in efficiency
Identify, develop & operationalize processes at par with global best practices ensuring business continuity, while retaining risk taking agility. We are in the process of establishing a world class ethics, compliance and corporate audit program. We are also identifying & remedying process inefficiencies across the three functional areas of R&D, manufacturing and warehousing & logistics.

10. A strong Biocon Biologics global brand
Building Brand Biocon Biologics as an innovative, and most importantly, trustworthy global brand that resonates with our vision to transform healthcare and impact millions of patients' lives globally. Also, position it as a preferred employer that provides a sense of purpose to its employees.

11. Digitization evolving to digital innovation
Focus on enhancing patient experience, employee engagement, compliance and operational excellence by leveraging best-in-class digitalization. Use digital innovation in manufacturing and supply chain to gain real-time control all the way from procurement to patient. Going ahead, we plan to build a AI-powered technology-dependent operating model.

Product launches

Biocon Biologics became the first company from India to have two biosimilars in the U.S. through its partner Mylan, with **Ogivri™** (biosimilar Trastuzumab) being commercialized in the market in end 2019 and **Fulphila®** (biosimilar Pegfilgrastim) in 2018. Patients suffering from HER2-positive breast cancer in Australia, Canada and a few European countries also received access to this critical biologic therapy after Mylan's launch of Ogivri in those markets in FY20.

In the U.S., Ogivri's share of the biosimilar Trastuzumab market is showing a gradual uptake. Ogivri has reported a significant market share improvement in several European countries, as well as, meaningful traction in Australia and Canada.

In Latin America, we hold registrations for our biosimilar Trastuzumab in over 10 countries and during FY20 we commercialized it in many of these markets.

Fulphila, our high-quality, affordable biosimilar Pegfilgrastim co-developed with Mylan, was commercialized in Australia and Canada this year. In these two countries, the potential market Fulphila can address is estimated to be USD 74 million *(Source: IQVIA).*

In the U.S., Fulphila's market share has been stable as the underlying market demand from hospitals and clinics has been consistent.

We commercialized **Semglee®**, our biosimilar Insulin Glargine co-developed with Mylan, for the benefit of insulin-dependent diabetes patients in Australia and a couple of European countries in FY20.

We are seeing encouraging market penetration for Semglee in certain parts of Europe, and our partner Mylan will build on this experience to spread to other countries.

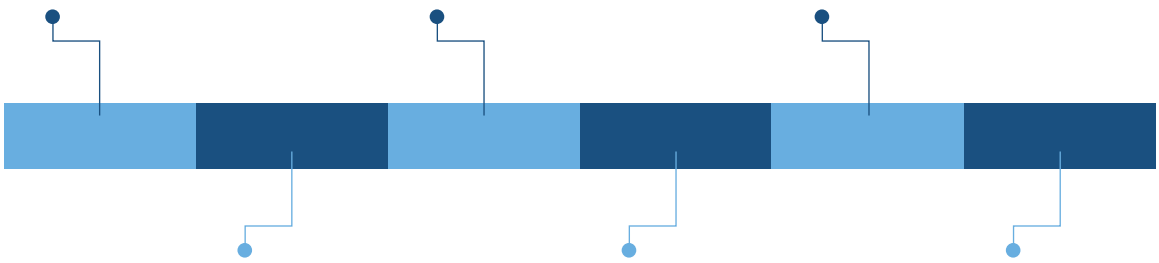
Mylan extended the commercial footprint for **Hulio®** to additional markets in Europe during FY20, and Biocon Biologics benefited from higher sales and market shares of the product across key markets.

Steady stream of biosimilar launches in developed markets till FY25^

FY20
Trastuzumab*: U.S., EU, Australia, Canada
Adalimumab@: EU
Insulin Glargine*: Australia

FY21
Bevacizumab*: U.S.
Insulin Glargine*: U.S.
Pegfilgrastim*: EU
Etanercept@: EU

FY22
Insulin Aspart*: U.S., EU
Recombinant Human Insulin#: U.S.
Bevacizumab*: EU



FY23
Undisclosed: U.S., EU

FY24
Adalimumab@: U.S.

FY25
Undisclosed: U.S.
Undisclosed: U.S.

^The launch timelines are estimates of Biocon Biologics subject to potential risks & delays
**Partnered with Mylan #*Acceleration options linked to recent U.S. FDA guidance are under review
@Partner Mylan has in-licensed product, Biocon Biologics continues to have economic benefit

Product filings and approvals

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. Until now, five molecules from our portfolio of 28 have been commercialized globally (Trastuzumab, Pegfilgrastim, Glargine, rh-Insulin, Bevacizumab). During FY20, we gained additional approvals for some of these five biosimilars across North America, Latin America, CIS, Middle East & North Africa, Asia-Pacific, South Asia and EU regions.

We are on track with the development of Insulin Aspart. We have filed the Marketing Authorization Application for the molecule in the EU, where it is currently under review.

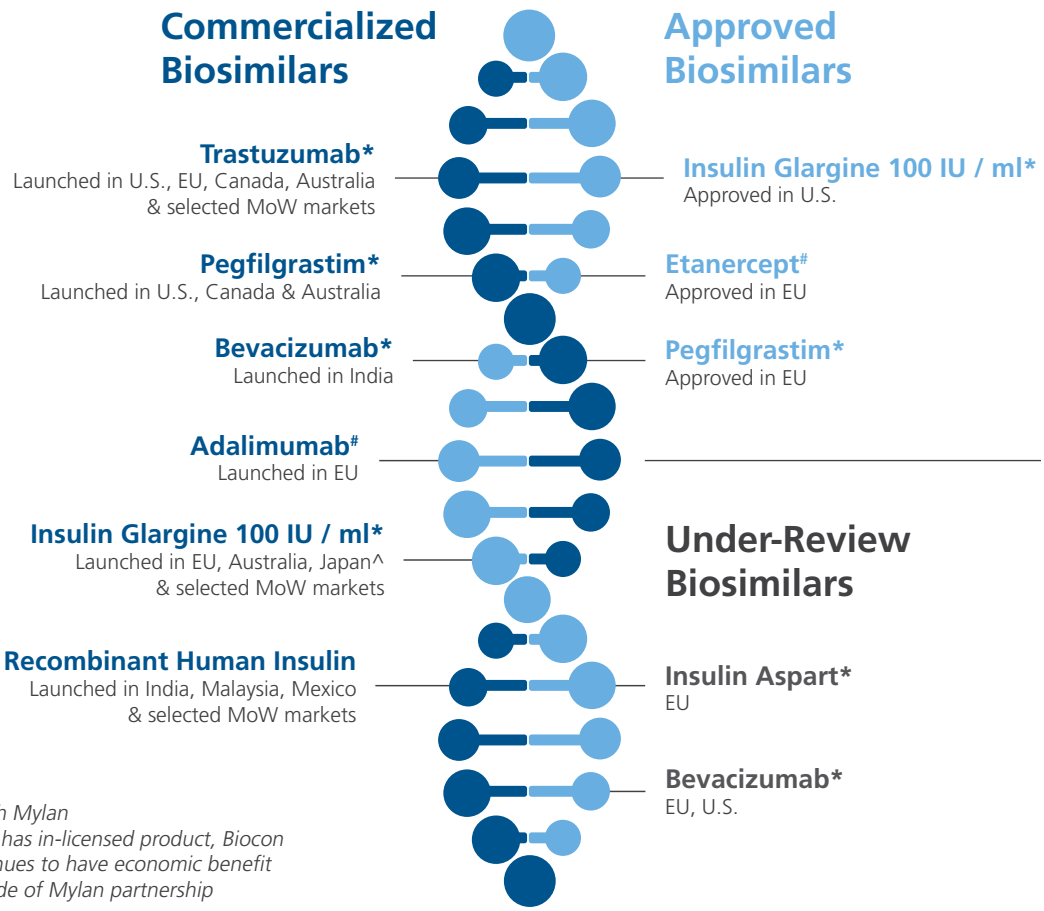
We continue to work with the U.S. FDA on the development of rh-Insulin for the U.S., taking into account the draft guidance for insulin biosimilars under the 351(k) pathway.

In addition, we expect Mylan to launch biosimilar Etanercept in Europe in the second half of CY20. Biocon has shared economics in this program.

On the monoclonal antibodies front, the Biologics License Application (BLA) filed by Mylan for biosimilar Bevacizumab is currently under review by both the U.S. FDA and European Medicines Agency.

At the end of FY20, we had approvals for our biosimilar Trastuzumab in 60 countries, Pegfilgrastim in 36 countries, Bevacizumab in two countries, Insulin Glargine in 60 countries and rh-Insulin in over 40 countries.

Major global biosimilars player



**Partnered with Mylan*
#Partner Mylan has in-licensed product, Biocon Biologics continues to have economic benefit
^Japan is outside of Mylan partnership

U.S. FDA approves our Insulin Glargine

In June 2020, the U.S. FDA approved our partner Mylan's New Drug Application (NDA) for Semglee under the 505(b)(2) NDA pathway. Semglee is now deemed a biologic under section 351(a) with approval for vial and pre-filled pen presentation to control high blood sugar in adults with Type 2 diabetes as well as adult and pediatric patients with Type 1 diabetes.

The approval of our Insulin Glargine by the U.S. FDA marks the culmination of a long journey. As an organization committed to making insulin-based therapy increasingly accessible for people with diabetes globally, this approval will enable us to serve the needs of patients in the U.S., where millions of patients need more affordable insulin analogs to control their diabetes.

Globally, Insulin Glargine represents an opportunity of over USD 6 billion. Sanofi's total IQVIA sales for the 12 months ending April 30, 2020 were approximately USD 1.68 billion for Lantus 100 Units/mL Vial and approximately USD 4.33 billion for Lantus SoloSTAR Pen.

Along with Mylan, we also continue to be engaged in active discussions with the FDA on a viable pathway to obtain an interchangeable designation.

Capacity expansion

Biocon Biologics' key strengths is its reliability in supplying high-quality products to patients globally. We have adequate manufacturing capacity to support our market share projections in all geographies. We have continued to make steady investments in manufacturing capacity as our products make further inroads in markets globally expanding access to high-quality biosimilars. These investments will also enable the development and launch of the next wave of biosimilars from our rich pipeline.

Towards the end of FY20, we commissioned our new state-of-the-art biologics drug substance facility, which will enhance our manufacturing capacity for monoclonal antibodies manifold and improve our ability to serve many more patients across the globe. We expect this facility to begin commercial operations in early FY22, subject to regulatory approvals in various markets.

During this fiscal, we also expanded our manufacturing capacity for Pegfilgrastim drug substance. This new manufacturing facility in Bengaluru received U.S. FDA approval in November 2019 and has started commercial operations since. This facility was also inspected and approved by the European Medicines Agency (EMA). We upgraded our Drug Product manufacturing capacity substantially with the commercialization of a new sterile injectables facility. This new aseptic processing unit enhances our liquid and lyophilized vial capacity and was inspected and approved by several global regulatory agencies including ANVISA, EMA and U.S. FDA to list a few.

Our state-of-the-art Insulins manufacturing facility in Malaysia has been serving patients over the past four years. This facility, hosted multiple regulatory inspections successfully during FY20 and received EU GMP certification. The facility also successfully closed a U.S. FDA inspection enabling the supply of our rh-Insulin and Insulin Glargine to various markets.

These approvals enhance Biocon Biologics' capability multi-fold and will enable us to take our biosimilars to more patients worldwide.

We also expanded our R&D footprint in the quarter by acquiring Pfizer Healthcare India Ltd.'s R&D capital assets to set up a 60,000 sq. ft. world-class integrated R&D facility at TICEL Bio Park in Chennai. The high-end facility will enable Biocon Biologics to expand its R&D capability and fast-forward development of its biosimilars from lab to pilot scale. Post qualification, the facility will house over 250 scientists.

New state-of-the-art biologics drug substance facility for monoclonal antibodies, Biocon Park

Outlook

The COVID-19 pandemic has given us an even larger opportunity to shape the global biosimilar landscape. Healthcare systems worldwide will be compelled to leverage both generics and biosimilars to contain medical costs. As a fully integrated, 'pure play' global biosimilars company, Biocon Biologics has the scientific expertise and manufacturing scale to deliver complex biosimilars to patients across the globe. Our strong portfolio of in-market and in-development biosimilars covering oncology, diabetes & immunology and other therapeutic areas, offer one of the industry's largest and most diverse global biosimilars pipelines.

At the same time, all regions are showing strong promise with high single- to strong double-digit growth underlining the tremendous potential that biosimilars offer.

The total global market of all biosimilar monoclonal antibodies and therapeutic proteins is anticipated to grow from ~USD 25 billion today to USD 55 billion in 2025 *(Source: IQVIA data and the Company's analysis).*

We target to have at least eight of our biosimilars available in developed markets through our partner by the end of FY22 viz. Trastuzumab, Pegfilgrastim, Adalimumab, Bevacizumab, Etanercept, Insulin Glargine, Insulin Aspart and rh-Insulin^, addressing an estimated market opportunity of up to USD 33 billion*. Our pipeline is expected to deliver three molecules between FY23 and FY25. We are currently focused on developed markets such as U.S., Europe, Australia, Canada and Japan through strong partners, but are also preparing to tap the opportunity from the rapid rise in demand for biosimilars in rest of the world markets. We already have a presence in the majority of the Top 20 markets, and we plan to expand our geographic footprint even further.

**Combined annual sales of originator brands*
^rh-Insulin is outside of Mylan partnership

Value unlocking of the Biosimilars business

An important development during the financial year was the investment of USD 75 million by Activ Pine LLP, an affiliate of True North Fund, in Biocon Biologics. This was a primary equity infusion for a 2.44% stake at an equity valuation of USD 3 billion and an enterprise valuation of USD 3.5 billion on a pre-money basis.

The pre-money equity valuation of Biocon Biologics by True North, which has an investment focus on the Healthcare and Life Sciences sector, reflects the market's confidence in our current business and future prospects.

The equity infusion by True North will enable expansion of our R&D and manufacturing capabilities to meet the growing demands of patients worldwide. It will fuel the future growth of the business as we pursue our mission to establish Biocon Biologics as a leading global player in biosimilars.

Syngene

Putting Science to Work

Our Research Services
Business

Our Vision

To be a world-class partner delivering innovative scientific solutions.

Syngene
Impact Manifesto

client engagement

- As a transformational partner, accelerate innovation and deliver integrated scientific solutions with great efficiency at world-class levels of quality and service
- Boost R&D productivity of our clients through scientific excellence and an integrated end-to-end research, development and manufacturing approach

capacity expansion

- Continue investment in technology and infrastructure to enable leading-edge science and meet the demands of blue-chip clients
- Boost our commercial-scale manufacturing capacity for small molecules by completing the construction and commissioning of our API manufacturing plant at Mangaluru
- Invest in expanding our biologics manufacturing capacity to meet rising global demand

capability additions

- Continuously adopt new technologies to improve efficiency while lowering the overall cost of discovery and development
- Increase the integration between services in discovery to lay the foundation for extending the relationship with each client
- Capture a larger share of the biologics drug development market
- Build our expertise in advanced technologies such as sophisticated immuno-oncology assays and CAR-T design for researching next-generation therapies
- Leverage the process knowledge gained in the development stages of R&D to anticipate and meet our clients' manufacturing requirements over the long term

Our Research Services Business

Executive Leadership Team

Jonathan Hunt
CEO and Managing Director

Mahesh Bhalgat, Ph.D.
Chief Operating Officer

Sibaji Biswas
Chief Financial Officer

Sanjeev Sukumaran
Chief of Staff

Ashu Tandon
Chief Commercial Officer

Vinita Shrivastava
Chief Human Resources Officer

Kenneth Barr, Ph.D.
Sr. Vice President – Discovery Services

Jan-Olav Henck, Ph.D.
Sr. Vice President – Development Services

A number of important developments in FY20 have contributed to a good year for the Company. At the heart of our success is our unique breadth of experience in scientific research. Our clients get the benefit of decades of discovery and development expertise drawn from careers in the laboratories of the world's leading companies. Added to this, the latest technology and the ability to flex and scale up rapidly when required, gives Syngene a real competitive edge. I am delighted to have attracted some highly skilled new leaders to the executive team during the year as well as seeing the return on our investments in systems and technology underpin our lab operations. We start the new financial year with a solid foundation for future growth.

Jonathan Hunt
CEO and Managing Director
Syngene

Our Research Services Business

Partnering to deliver **innovative scientific solutions**

As an integrated discovery, development and manufacturing organization, Syngene invested in new technologies, new competencies and new capabilities to deliver high-quality, leading-edge scientific research for our clients. For every project and each client, we bring a unique breadth of scientific expertise, technical capabilities, range of technologies and a flexible operating model to suit their requirements. At the same time, we continue to invest in strengthening project delivery, safety and quality to build a solid foundation for long-term growth.

Our integrated scientific services encompassing early discovery through to the clinic, often delivered through a strategic partnership model, are key to our future success. In every project, we seek to leverage our expertise in existing and emerging technologies to:

- Accelerate innovation
- Reduce the turnaround time for our clients
- Forge strong, collaborative relationships

As clients strive to stay ahead of the pace of scientific innovation while containing their costs, we aim to build long-term transformational partnerships that respond to their needs and deliver sustainable value for the Group.

Infrastructure expansion

During FY20, Syngene continued to invest in the latest technology and infrastructure to meet the demands of a growing business.

Hyderabad

We commissioned the first phase of our new R&D centre, comprising 50,000 sq. ft. of state-of-the-art laboratory space housing a team of up to 150 multidisciplinary discovery research scientists.

The Company's first operational research centre outside Bengaluru has the potential to become a second centre of excellence for Syngene's Discovery Services. When fully commissioned, it will cover a total of 94,000 sq. ft. and house around 270 scientists

Mangaluru

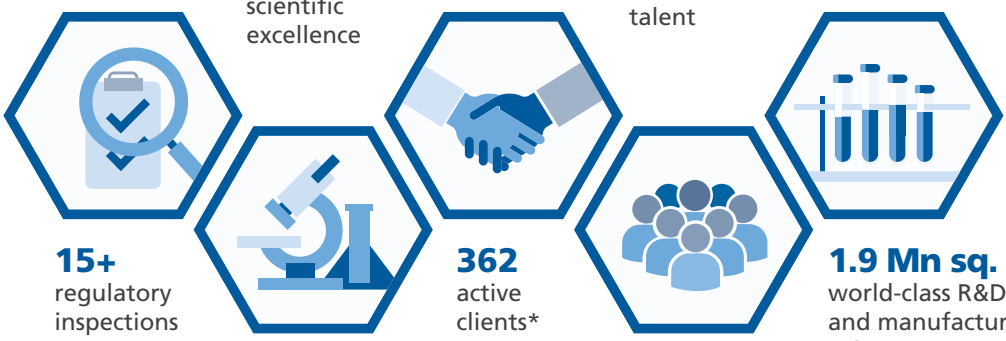
The construction of our Active Pharmaceutical Ingredient (API) manufacturing facility in Mangaluru is complete and is going through the process of qualification and validation. It is currently in preparation to commence full-scale commercial operations towards the end of FY21.

Our investments to build commercial-scale manufacturing play a significant role in delivering sustainable growth.

Capability addition

Our investment in new technologies helps us position ourselves at the leading edge of science with skills that match or exceed the best in the world. Delivering advances in science, in partnership with our clients, enables us to contribute to more efficient, faster drug delivery, while lowering the overall cost of discovery and development. Therefore, we have:

- Invested in new technologies in anticipation of the evolving drug discovery and development needs of clients;
- Extended our biologics discovery and pre-clinical research capabilities in CAR-T therapy, an innovative cell-based approach to treating cancer;
- Undertaken cutting-edge discovery and pre-clinical research in CAR-T therapy, including hypothesis testing and validation of new biological targets. We are also exploring novel mechanisms related to this next-generation therapy;
- Offered clinical trial monitoring and data management services to physicians who want to deliver CAR-T treatment.



As on 31st March, 2020

Delivering on quality and compliance

Adherence to the global standards of quality and compliance is one of the cornerstones of Syngene's success.

During the year, we have:

- Cleared two U.S. FDA inspections successfully;
- Received approval from Russia's Ministry of Health for meeting current Good Manufacturing Practice (cGMP) standards;
- Received Good Laboratory Practice (GLP) certification for our viral testing facility from the National GLP Compliance Monitoring Authority — making it India's first and only GLP-certified viral clearance study service provider;

With the onset of the global coronavirus outbreak, we gained approval from ICMR and accreditation from NABL for our COVID-19 RT-PCR testing facility in record time in order to process samples from the hospitals in Bengaluru.

These approvals underpin our determination to operate to global quality standards — a commitment that we reinforce on a daily basis.

NABL-accredited COVID-19 RT-PCR testing facility

Strong financial performance

Syngene

Revenue

₹ **20,119 M** in **fy20**

₹ **18,256 M** in **fy19**

Growth **10%**

Driving safety and operational excellence

Safety is central to our culture and is articulated through our corporate safety initiative, ***'Kavach'.*** Through training programs and process improvements, we have made sustainable improvements across every dimension of our work: a campaign that continues to deliver a safer working environment.

A dedicated external warehouse has been set up to store common materials, consumables and solvents which makes our facilities safer.

We continued investing in operational excellence using globally recognized tools such as Six Sigma and LEAN. The adoption of an e-procurement tool has improved efficiency and transparency through real-time visibility of procurement and delivery.

We have developed an Artificial Intelligence platform for multi-parameter optimization of small molecules. The enhanced use of digital and automation technology is allowing real-time archiving of data,

digital version control and audit trails and reduces manual intervention.

During the year we have continued our program to reduce our environmental footprint. Key initiatives have focused on increasing waste recycling, reducing water use and switching to renewable energy sources.

Strengthening our leadership

Building on our core belief in leadership at all levels in the Company, we continued to invest in development for employees delivering more than 60,000 hours of training during the year. The curriculum offered a combination of life skills and functional development. Other development initiatives included the establishment of the Discovery Services Leadership Forum – an initiative to share great science across the Company; and 'Leadership and Beyond', a management development program to support those aspiring to hone their leadership skills.

Outlook

We will continue to make judicious investments in technology and infrastructure to support the growth of our divisions. We will work closely with our clients to ensure that our investments add value to their projects from the outset, while providing us the ability to attract new business.

Driving integration along the pipeline of discovery and development services is another powerful lever to extend the value that we can offer by building on existing customer relationships in order to gain a larger share of their R&D activities. This approach is already delivering benefits in Discovery Services and Development Services will shift to a similar client-led model during FY21.

Sustainability

Making a difference — in healthcare and beyond

- Environment
- People
- Biocon Foundation
- Biocon Academy

Environment

Going beyond compliance for a sustainable future

At Biocon, our journey to enhance access to affordable healthcare starts with being a committed and compassionate steward of the environment. We have implemented business practices that take our Environment, Occupational Health, Safety and Sustainability (EHSS) performance beyond compliance towards delivering a positive environmental, social and governance (ESG) impact for the people we serve.

Management of environmental risks and carbon footprint can have a far-reaching impact beyond our operational boundaries and therefore our commitment to be a responsible and sustainable company is ingrained in our code of conduct. We believe that Biocon's growth is not only limited to its economic performance but also to its ESG performance, which is tracked against several key environmental indicators across our facilities to ensure holistic development and meaningful progress on ESG topics.

EHS management systems

Biocon has deployed the ISO Management System, which is the global benchmark in EHS Management Systems. During the year under review, our state-of-the-art manufacturing facilities were accredited with the ISO 45001:2019 standard, the latest Occupational Health and Safety Management Systems benchmark. Our environment management systems continue to be certified as per the ISO 14001:2015 standard.

We updated our EHS policy to a comprehensive Environment, Occupational Health, Safety and Sustainability (EHSS) policy this year. This amendment is in line with global EHS best practices and covers all our internal and external stakeholders.

We also implemented a compliance management system driven by the internal control framework, which ensures that we are in sync with periodic revisions in legal and regulatory norms. This ensures that our operations are compliant with environmental laws and regulations at all times and aligned to global best practices.

Workplace health and safety

At Biocon, maintaining safe and reliable operations is of utmost priority. All our equipment are designed in accordance with highest safety standards and state-of-the-art safety controls. Manufacturing areas are continuously monitored in line with our stringent industrial hygiene protocols. Detailed risk-based assessments are conducted regularly along with extensive audits to evaluate our health and safety performance at the site level.

During FY20, we launched a 'Zero Tolerance' Program to strengthen discipline around workplace safety and make it an integral part of the organizational culture. We digitalized our safety management systems by implementing an integrated EHS software, as well as, made continual ergonomic improvements on the shop floor to mitigate occupational risks.

To enhance our emergency preparedness, we inducted a dedicated emergency response team of competent firemen and upgraded our firefighting systems. Road safety improvements in our facilities like standardized signage and route segregation were also implemented.

We are proud of achieving our goal of 'Zero Reportable Incidents' for FY20, which reflects the utmost importance we accord to safety in the workplace.

To reinforce the message of workplace safety, we marked National Safety Week, Fire Services Week and World Environment Week and rolled out various social, physical and mental well-being programs.

Environment management

Biocon continuously strives to reduce its environmental footprint by adopting a comprehensive approach focused on resource optimization, recycling, recovery and reuse. At all our manufacturing units across India, efforts are continuously underway to conserve and optimize our fresh water consumption through process modifications and adoption of new technologies. During this reporting period, we made a substantial capital investment to upgrade our Zero Liquid Discharge facility at our Bengaluru unit with the latest advancements in wastewater treatment.

Our waste management approach is focused on waste minimization and ensuring safe handling and disposal of waste. High calorific wastes are co-processed through tie-ups with major cement manufacturers for use as an auxiliary fuel in their operations. As a green initiative, we have successfully piloted a Miyawaki mini forest at one of our Bengaluru facilities and plans are underway to implement similar projects in our other facilities.

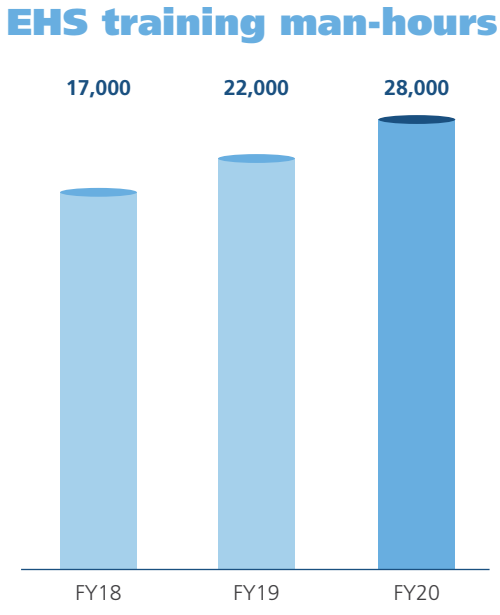
Biocon maintains a green belt in and around its sites as a part of its commitment to environmental sustainability and maintaining ecological diversity.

EHS training and awareness

During FY20, our employees invested approximately 28,000 man-hours in both classroom and online EHS-related training. These included trainings on applicable EHS regulations and technical standards as well as new certifications to enhance competency.

We also organized training for our vendors and contract workers on COVID-19 awareness, safe work practices and defensive driving.

Biocon's efforts in the domain of EHS and Sustainability were showcased at national and international forums like the CII Annual Conference on Environment & Sustainability and Pharmaceutical Supply Chain Initiative (PSCI) annual supplier conference. Further, we organized a one-day seminar on 'Management of Safety and Occupational Health in Industries', hosted a CII Study Mission on 'Sharing Best Practices on Safety, Health and Environment' and shared our EHS best practices at the 'Toyota ECO-TALK' session organized by Toyota Industries.



Maintaining business continuity amidst the COVID-19 pandemic

To navigate the unprecedented COVID-19 crisis, we implemented round-the-clock management that helped us recognize the crisis in its early stages, gather sufficient information and activate our business continuity plan by forming a pandemic response team at the corporate and at the site levels.

The pandemic response team is a cross-divisional, multifunctional one, spearheaded by the leadership team. Detailed protocols were created and comprehensive precautionary measures for COVID-19 preparedness and response were implemented across the facilities, which enabled us to continue critical operations during the nationwide lockdown in India and scale up as restrictions were eased.

Climate change strategy

Our climate strategy focuses on managing our carbon emissions and enhancing energy efficiency whilst building our resilience to climate change risks.

Consistent efforts to optimize energy consumption in production processes and utilities were undertaken in FY20. The continuous adoption of renewable energy as a preferred source meant that green power accounted for 42% of our total power consumption during the year.

With the procurement of over 75 million units of renewable power, we successfully reduced our carbon footprint in FY20 by about 67,500 tons. Our switch to natural gas from furnace oil for steam generation further reduced our carbon footprint by 14,500 tons, thus bringing the total CO_2 emissions reduction to 82,000 tons in FY20.

Biocon is one of the few companies in India disclosing greenhouse gas (GHG) emissions and reduction targets by participating in the Carbon Disclosure Project (CDP), which holds the largest database of corporate climate change information of over 8,500 companies across the world.

Our contribution to global climate change adaptation and mitigation efforts are also captured in business sustainability ratings platforms and supplier sustainability assessment disclosures to our stakeholders.

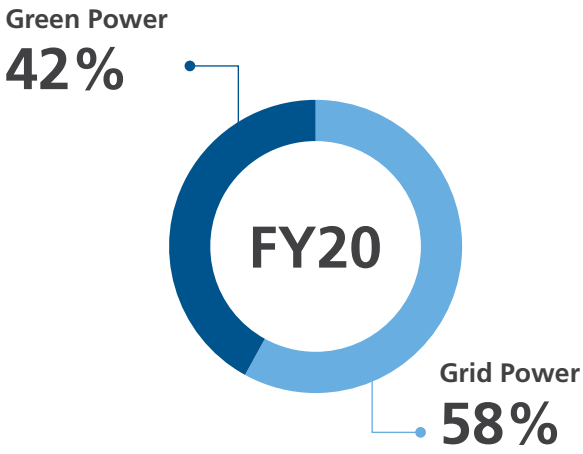
Carbon footprint reduction

CO_2 reduction from green power - **67,500 tons**

CO_2 reduction from switchover from furnace oil to natural gas for steam generation - **14,500 tons**

TOTAL CO_2 reduction for FY20 - **82,000 tons**

Focus on green power



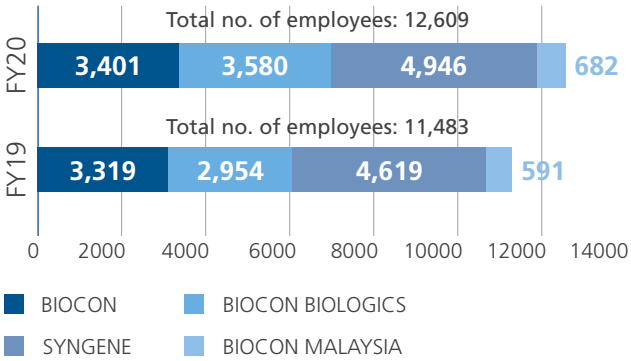
During FY20, we received recognition at the state level for out progressive EHS practices and initiatives. These included the **Best Safety Practices** 2019 Award given by the Department of Factories, Industrial Safety and Health, Government of Karnataka and the **Unnatha Suraksha Puraskara** Award 2019 from the **National Safety Council** (NSC), Karnataka Chapter.

People

Building a diverse, **collaborative workplace**

At Biocon, we have consciously created a diverse, employee-friendly culture that promotes ideation, experimentation and collaboration as we aspire to create future leaders who will revolutionize healthcare through innovative products and services. We are proud to have retained and improved our position to 6th on the prestigious Global Biotech Employers rankings by U.S.-based Science Careers magazine. We have consistently featured among the Top 10 employers for seven consecutive years.

Biocon Group employee base



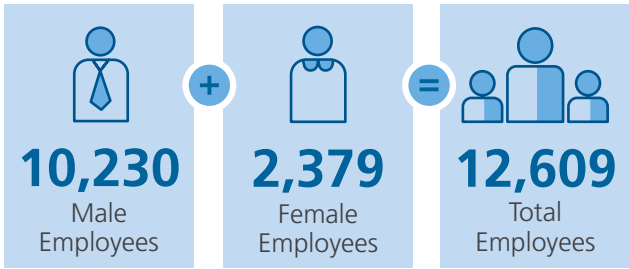
Attracting talent

Biocon's strong employer brand enables it to attract top talent from the industry. This year we increased our social media reach by 30%, expanded overseas hiring and built strong campus relations with some of the top-tier technical and management institutes. To support the future needs of our growing businesses, we hired 45 bright students from premium institutes, as well as, brought on board diverse leadership talent from across the globe.

To build a robust talent pipeline we employed 75 of the best performers among the 500 students, including eight international ones, who did internships with us during FY20.

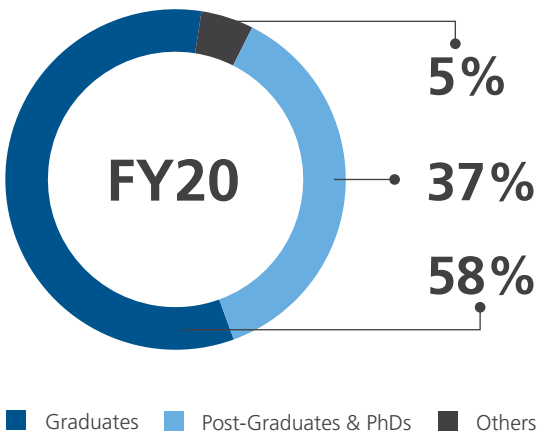
We also increased women hiring by 2 percentage points over last year to 16% through exclusive women recruitment initiatives.

Gender diversity



Over the past year, our Talent Acquisition Team focused on expanding the available talent pool, identifying and hiring the best candidates and building strong relations with the business and potential hires, all of which led to a further minimization of early attrition rates.

Talent profile



Learning & development

During the year, we clocked a total of 125,000 learning hours, a 26% increase over last year. Biocon Malaysia invested in an additional 17,000 learning hours.

As we prepare for the emergence of Biocon Biologics as a separate organization, we directed our learning efforts towards enhancing technical and leadership skills through technical certifications, digital learning and soft skills programs.

In total we ran over 100 courses, certified nearly 2,700 employees in technical skills and added group Companies to our digital learning platforms. We also sponsored four employees, including two women, to pursue global MBA courses through our Higher Education Policy.

During FY20, we were awarded the 'Best L&D Team' at TISS CLO Awards, 'Innovative Practices in Women L&D Programs' at the DivHersity Awards powered by JobsForHer, as well as, 'Best L&D Team' at the World L&D Summit Awards.

Performance management process

Our performance management process underwent a significant re-design with the creation of the Biocon Ltd and Biocon Biologics entities. We modified our goal setting and career discussion processes to reflect the different approaches of each entity as they move towards the common goal of impacting patient lives across the world. Going forward, we plan to strengthen our appraisal process by tightly aligning it with the strategic initiatives of each entity, thus reinforcing meritocracy in the organization.

Impacting organizational effectiveness

Biocon Ltd embarked on a journey to re-design People Development initiatives and align them with our strategic goals over the next five years. With the endorsement of our Executive Leadership Team, we launched various programs, including a particularly well-received one where our new CEO, Siddharth Mittal, interacted with employees from different departments.

We are making a major push towards digitalization in Biocon and strengthening our quality culture through robust certification and skill-building interventions.

We are incorporating technology to make our processes optimizable, manageable and scalable. We have introduced a state-of-the-art platform that enhances the agility and speed of our recruitment process by making it completely online besides providing candidates with a seamless experience.

Creating a culture of continuous innovation – collective genius

Biocon Biologics has embarked on a journey to realize the dream of 'Transforming Healthcare, Transforming Lives' through Mission 11.5.1. To achieve this bold vision, it is imperative to challenge the status quo and co-create a culture of constant innovation, and thus accepting and embracing 'Collective Genius'.

Towards this, a unique approach to culture has been formulated by blending highly successful tools which Fortune 500 companies have successfully used, but in isolation. This approach requires the unleashing of every slice of genius to have a workforce that is both 'willing' and 'able' to innovate; combining their individual strengths, to co-create solutions leveraging 'design thinking'.

We believe that this journey will help us to transition from an organization with lone geniuses to one with an open community where everyone contributes their individual slices of genius.

Employee engagement

At Biocon, we strive to enable our employees to pursue their passion while excelling at work. We organized a number of initiatives during the year including sporting activities and tournaments through the Biocon Adventure and Sports Club, volunteering opportunities at local schools through Biocon Foundation and wellness programs addressing physical, mental and emotional health through BioPulse. Customized annual health check-ups were conducted for all employees as were events promoting hygiene and cleanliness in the workplace.

Many progressive steps were taken to build a gender-inclusive workplace which included extended maternity leave, part-time opportunities for returnees, gender sensitization sessions and women's health initiatives. Biocon also became a member of CII-IWN (Indian Women's Network) and conducted several specialist clinics in and around Bengaluru. Avtar Women, a premier Indian social enterprise advocating diversity and workplace inclusion, recognized Biocon among the 'Top 100 Best Companies for Women Employees'.

We were also recognized for 'Best Diversity Program' at the TISS CLO Award, and received three awards at the DivHersity Awards, including 'Top 20 Companies in DivHersity (Large Enterprises)'.

Biocon Ranked No. 6 On Science Career's List of Top Biotech Employers for 2019

2019 Ranking	2018 Ranking	Employer (Global Headquarters)
1	-	Alnylam Pharmaceuticals (Cambridge, MA)
2	1	Regeneron (Tarrytown, NY)
3	2	Incyte (Wilmington, DE)
4	5	Merck KGaA (Darmstadt, Germany)
5	-	Spark Therapeutics (Philadelphia, PA)
6	**7**	**Biocon Limited (Bengaluru, India)**
7	3	Novozymes (Copenhagen, Denmark)
8	9	Genentech (South San Francisco, CA)
9	16	Eli Lilly and Company (Indianapolis, IN)
10	14	Syngenta (Basel, Switzerland)

Only Asian company in the Top 20 Global Biotech and Pharma Companies list since 2012

Biocon Foundation
EMPOWERING COMMUNITIES

Pratima Rao
Mission Director, Biocon Foundation

"Biocon Foundation is driven by Biocon's dedication to Corporate Social Responsibility (CSR). Much before India introduced legislation to make CSR mandatory in 2014, Biocon Foundation was set up to help the community by providing healthcare and education facilities. The Foundation has built a strong reputation for the quality of its programs and their impact in addressing social, humanitarian and environmental challenges faced by the communities it serves. The programs have contributed to realizing the vision of empowering and integrating the underprivileged into the social and economic mainstream. The Foundation leverages technological innovation as a force multiplier to achieve maximum impact. Convergence with government agencies and other like-minded partners, along with a deep engagement with communities, ensure that the programs are sustainable and scalable."

Biocon Foundation

Making enduring **socio-economic impact**

Corporate Social Responsibility is an integral part of the Biocon Group and the Biocon Foundation lies at the very heart of it, providing effective primary healthcare services to the underprivileged sections and modelling new approaches for public healthcare delivery. The Foundation is focused on four key thematic areas of intervention which comprise of healthcare, education, environmental sustainability and rural development.

Healthcare

The Foundation has designed its healthcare programs to deliver sustainable solutions in the area of basic health, as well as, to ensure early screening, diagnosis and treatment of common cancers and other non-communicable diseases.

eLAJ smart clinics

Biocon Foundation continued to deliver effective diagnosis-based primary healthcare services to communities challenged with poor access to quality healthcare through its fully functional eLAJ Smart Clinics operating in 15 government-run primary health centers (PHCs) in five districts of Karnataka.

During the year under review, the Foundation upgraded the laboratories of five government-run PHCs, providing them with trained laboratory technicians and devices capable of performing a range of haematology and biochemistry investigations.

In addition to the government-run PHCs, the Foundation continued to provide primary and secondary preventive health services to the communities in Austin Town, Hennagara and Huskur through its own eLAJ smart clinics.

In FY20, about 80,000 patients availed of the health services provided by eLAJ clinics.

Integrated management of NCDs

The prevalence of tobacco use in Nagaland is higher than the national average.

The Foundation implemented an integrated approach to address the prevention and control of non-communicable diseases (NCDs) and the underlying social determinants in Dimapur, Nagaland. The program conducts population-based screening for diabetes, hypertension and some common forms of cancer and raises awareness.

The Foundation partnered with the Christian Institute of Health Sciences and Research to conduct door-to-door screenings in Dimapur and established an NCD Clinic at the Community Health Centre in Medziphema to manage positive and high-risk cases.

The Medziphema clinic saw about 2,700 patients during the year, whilst door-to-door screenings were conducted for 1,600 individuals for diabetes and hypertension and 1,650 people for oral cancer.

In addition, an integrated program for the screening of NCDs among *Pourakarmikas* (sanitation staff) in 44 wards of the West Zone of Bruhat Bengaluru Mahanagara Palike (BBMP) was successfully concluded. Over 2,000 staff, including garbage loaders and drivers were screened for hypertension, diabetes and oral cancer. More than 1,500 women were screened for breast cancer and approximately 900 for cervical cancer. Employees of Biocon volunteered under the Good2Great initiative to streamline the process at the screening sites.

Oral cancer screening

During FY20, the Biocon Foundation forged a partnership with the Indian Institute of Science, Bengaluru to develop artificial intelligence (AI) tools capable of detecting precancerous oral lesions; enabling point-of-care diagnosis for oral cancer. The Foundation also partnered with the Dr B Borooah Cancer Institute in Guwahati to run a pilot project for oral cancer screening and provided training to ASHA workers in the use of technology for population-based screening in Assam.

The Foundation has collaborated with the Shri Guru Ram Das University of Health Sciences, and the Tata Memorial Centre, to organize screenings in Punjab and Uttar Pradesh and conduct research studies to establish the efficacy of its mobile phone-based (mHealth) screening process against conventional screening methods in resource-limited settings.

The Foundation also launched a dental clinic at the PHC at Sonnenahalli in Bengaluru in partnership with the KLES Institute of Dental Sciences and BBMP. The clinic provides free-of-cost dental services, tobacco cessation counselling and oral cancer screening.

Screening for 546 individuals was done for oral cancer in Guwahati, Assam and oral potentially malignant disorders were detected in 5.5% of the cases. More than 28,000 people benefited from the routine dental health check-ups.

The consensus document on 'Guidelines for Management of Head and Neck Cancers,' which resulted from the expert committee meeting in February 2019 of more than 24 eminent oncologists from across India, has been published in the Indian Journal of Cancer. The meeting had been convened by Kiran Mazumdar-Shaw, Founder & Managing Trustee, Biocon Foundation and convenor of the independent, multidisciplinary Oral Cancer Task Force.

The task force met again in November 2019 as part of the CanQuer 3rd Annual Symposium held at Kochi. The expert panel discussed management of Leukoplakia, Oral Sub Mucous Fibrosis and Lichen Planus. The consensus document is under review for publication.

Specialist clinics

The specialist clinics for ophthalmology, geriatrics, NCDs, women's health and paediatrics organized at the three Biocon Foundation-run clinics in and around Bengaluru recorded over 3,000 patient visits during the year.

Recognition

For its oral cancer screening program, the Foundation was the recipient of a Jury Commendation Certificate from FICCI under the category of 'Exemplary Innovation.' It also received a Best Practices in CSR Award from the Institute of Public Enterprise under the 'Healthcare' category.

WASH Initiatives

The Foundation is addressing key challenges of access to clean water and sanitation facilities.

In a concerted effort to make rural areas free of open defecation, the Foundation has established multiple community and school sanitary complexes. It has launched the Soapy Heroes program at Hennagara Government School to promote healthy hand hygiene habits in primary school children. The launch was attended by a senior delegation led by Hon. Minister for Health Jenny Mikakos, Government of Victoria, Australia.

Education

During the year, the Foundation partnered with the Department of State Education Research and Training (DSERT) to create modules for life skills and first aid for government schools in Karnataka. The Foundation also supported the DSERT in the designing of modules for 'No Bag Day' aimed at making the learning experience of schoolchildren practical and fun, without the use of textbooks. It also rolled out a state-level Master Resource Person training program for these modules and trained over 130 Master Resource Persons, who will, in turn build capacity of 5,000 District Resource Persons. Additionally, the Foundation provided direct training to 120 school teachers in rural and urban Bengaluru.

Under the VEngage initiative, employees of Biocon volunteered to provide vocational guidance and career counselling in government schools, conduct classes in first aid training and teach mathematics to students of classes 5 and 6. The Biocon Adventure and Sports Club engaged students in sports and games. The initiatives were very well received by the students and staff.

Pandemic and disaster relief

At the Biocon Foundation, we are proud of our legacy of serving and supporting those in need and never has there been a more critical time than this financial year, which first witnessed the wreckage of the Karnataka floods and then the devastating global impact of the COVID-19 pandemic.

In response to the floods in Karnataka, the Foundation provided essential medicines and financial assistance to the Government for relief operations. In the neighbouring state of Kerala, also affected by the floods, medicines were supplied free of cost.

The Foundation's COVID-19 relief effort is ongoing as the pandemic continues to affect people. This includes the distribution of several thousand dry ration kits, each comprising of 14 kg of basic items such as grains, pulses, spices and vegetables, among daily wage earners and the underprivileged.

Biocon Foundation has started work on rejuvenating the Yarandahalli lake

Rural development

In FY20, the new building of a lower primary government school in Bengaluru was completed and inaugurated. The building comprises of three classrooms, storage, a kitchen and separate toilets for boys and girls, complete with handwashing facilities.

Environmental sustainability

The sustainability ethos at Biocon Foundation ensures the protection of the surrounding environment and natural resources.

Having successfully revived the dying Hebbagodi lake, the Foundation continues to maintain it through regular de-weeding, garbage removal, bioremediation and maintenance of artificial floating islands for natural cleaning. These efforts have resulted in a decline in the pollution levels and an improvement in the water quality. Third-party lab reports have confirmed an increase in dissolved oxygen level from nil to 4.2 mg / litre, a decreasing trend in the chemical and biological oxygen demand and restoration of acidity, dissolved solid and nitrate levels.

The Foundation has started work on rejuvenating the polluted Yarandahalli lake. Embankment strengthening, fencing and lake de-weeding have been completed. Artificial floating wetlands have also been deployed for continuous natural cleaning of the water and a green belt has been developed around the lake.

During the year, our efforts for lake rejuvenation and the development of the Hebbagodi and Yarandahalli lakes were appreciated by the Karnataka Tank Conservation and Development Authority.

Biocon Academy

Preparing next generation of biosciences leaders

Biocon Academy
Adding Value, Enhancing Skills

Skill development

Founded in 2014, the Biocon Academy has been committed to producing world-class human capital by blending together academic knowledge with industrial skills to meet the demands of the rapidly growing Indian biopharmaceuticals industry. As biotechnology takes on a more vital role in our everyday lives through advancements in medicine, environmental conservation, agriculture and industrial applications, the need for a highly trained workforce becomes more critical.

FY20 was an exciting and eventful year for the Biocon Academy as we innovated, inspired and mobilized our talent pool towards value creation for the industry and society. The past financial year saw 120 students graduate and earn placements in most of the top biotech companies. We also forged new academic partnerships, trained faculty experts, launched new courses and hosted a series of innovative talks, events and workshops.

Nurturing talent

During the year, we successfully trained 53 students as part of our Biocon-KGI Certificate Program in Biosciences, 35 students of BITS Biocon Program in Applied Industrial Microbiology, 14 of Biocon-KGI Certificate Program in Clinical Development and 18 of Biocon Ramaiah Certificate Program in Quality Control Analytical.

In addition to sponsoring part of the course fees, the Academy also provides meals and transportation facilities which enable students to retain their focus on the training.

We proudly maintained our 100% placement record and ensured all 120 students received placements

across 17 leading biotech and biopharma companies, which included 47 students at Biocon, 10 students who were already placed with Biocon Malaysia and 34 students in external companies such as IQVIA, Lupin, Thermo Fisher, Saint Gobain, Intas Pharmaceuticals, Dr. Reddy's Laboratories and GVK Bio. At the end of FY20, the Academy had cumulatively trained and placed over 600 high quality, industry ready talent.

Curriculum innovations

This year saw the launch and successful completion of the first intake of 18 students in the Biocon Ramaiah Certificate Program in Quality Control Analytical. The eight-week course is designed to impart a working knowledge of analytical instruments alongside operation, application and regulatory knowhow within the state-of-the-art Biocon labs and at Thermo Fisher at the IIT Mumbai Campus.

To enrich the student experience, we continued to implement innovative learning methods including industry-oriented case study discussion for the Microbiology program and initiated a comprehensive project-based learning program for the Biosciences students.

Apart from developing a talent pool for the industry, we are empowering many faculty members of universities and colleges by imparting industry training in biopharmaceutical technologies. During FY20, we facilitated the training of 21 faculty members by our business leaders and scientists as part of the Biocon Academy Certificate Program in Faculty Development.

This year, we also conducted the QC Microbiology Industrial Training Program for the faculty members of BITS Pilani and advised other academic institutions on upgrading their biotechnology curriculum to be more relevant and impactful.

Events

Biocon Academy hosted and facilitated several events over the year starting with our Alumni Day in April 2019, which was presided over by our Chief Mentor, Kiran Mazumdar-Shaw. This was followed by a Graduation Day in November 2019 for the students who had completed their programs.

In FY20, we hosted a series of One Day @ Biocon Academy wherein prospective students were given a chance to attend classes and visit various departments of Biocon.

The Academy also sponsored conferences and technical meets and hosted talks by senior industry leaders. We conducted awareness workshops, organized webinars and participated in panel discussions on numerous academic platforms across the country.

Our students participated in and won the Best Poster Presentation Awards at the Bengaluru Tech Summit held in November 2019.

The Academy continued the monthly release of its e-newsletter, BioZesta, which has been appreciated by both industry and academic partners.

Looking ahead

We are excited to introduce new certificate programs in Global Regulatory Affairs and International Drug Design as well as the launch of our employee training programs in varied genres of learning for the entire Biocon Group.

We are working closely with Karnataka Science and Technology Academy (KSTA), Association of Biotechnology Led Enterprises (ABLE) and Biotecnika to organize joint webinars and seminars promoting biotechnology initiatives across the country.

Financial Report

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Boards' **Report**

Dear Shareholders,

We are pleased to present the Forty-Second (42nd) Annual Report on the business and operations along with the audited standalone and consolidated financial statements and the Auditor's report of your Company, for the financial year ended March 31, 2020.

Financial Highlights — In ₹ Million (except EPS)

Particulars	Standalone financial highlights		Consolidated financial highlights	
	FY20	FY19	FY20	FY19
Total revenue	21,901	18,946	65,286	56,588
Expenses	18,016	16,703	53,812	46,394
Share of profit/(loss) of joint venture and associates, net	–	–	(289)	9
Profit before tax and exceptional items	**3,885**	**2,243**	**11,185**	**10,203**
Exceptional items, net	1,597	1,987	675	1,946
Profit before tax	**5,482**	**4,230**	**11,860**	**12,149**
Tax expense	1,119	447	3,151	2,123
Non-controlling interest	–	–	1,227	973
Profit for the year from discontinued operations	46	1,144	–	–
Profit for the year	**4,409**	**4,927**	**7,482**	**9,053**
Other comprehensive income, net	(77)	131	(1,314)	(552)
Total comprehensive income	**4,332**	**5,058**	**6,168**	**8,501**
Earnings per Share (EPS) after exceptional items	3.72	4.17*	6.32	7.65*

* Adjusted for the effect of bonus shares

Standalone and Consolidated Financial Statements

The standalone and consolidated financial statements of your Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial highlights and the results of the operations, including major developments have been further discussed in detail in the Management Discussion and Analysis Report.

Further, a statement containing the salient features of the financial statements of our subsidiaries pursuant to sub-section 3 of Section 129 of the Companies Act, 2013 ('the Act') 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 the financial positions of each of the subsidiaries.

State of Affairs

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

- Revenue from operations for FY20 stood at ₹ 19,884 mn compared to ₹ 17,857 mn for FY19. Other income for FY20 amounted to ₹ 2,017 mn as against ₹ 1,089 mn in FY19, primarily comprised of income earned from providing utility services to subsidiaries ₹ 1,256 mn, foreign exchange gain ₹ 317 mn, income on investments at ₹ 304 mn and dividend income from a subsidiary at ₹ 140 mn.
- Core operating margins (EBIDTA margins net of licensing, impact of forex, R&D and dividend from subsidiaries) was 25% compared to 21% in the previous financial year, primarily driven by higher volumes with better margins in the Small Molecules business.
- Profit before tax and exceptional items (excluding discontinued operations) stood at ₹ 3,885 mn compared to ₹ 2,243 mn in FY19. Effective tax rate (ETR) for the year before exceptional item and discontinuing operations was 20%, in line with FY19.
- Profit for the year stood at ₹ 4,409 mn (including exceptional items ₹ 1,597 mn) compared to ₹ 4,927 mn (including exceptional item ₹ 1,987 mn) for FY19.

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

- During the year, our consolidated revenues registered a growth of 15% to ₹ 65,286 mn from ₹ 56,588 mn in FY19. From a segment perspective, Biologics recorded an annual growth of 29% while Small molecules registered a growth of 18% and Research services grew by 10%.
- Core margins (EBITDA margins net of licensing, forex and R&D) stood at 33% compared to 32% for FY 19.
- Profit for the year including non-controlling interest stood at ₹ 8,709 mn compared to ₹ 10,026 mn for FY19.
- Effective tax rate (ETR) for the year before exceptional item was 22% (19% in FY19).

Exceptional items (Standalone and Consolidated) and Discontinued Operations (Standalone):

Restructuring of Biologics Business (Standalone and Consolidated Financial Statements)

- During the year, pursuant to Group restructuring of the Biologics business, the Company has transferred the manufacturing and commercialisation rights of Biosimilars, Insulins and drug substance manufactured in the GPP facility under the Biologics segment effective May 01, 2019 for a consideration of ₹ 7,054 mn and the Branded Formulations India ("BFI") business effective August 01, 2019 for a consideration of ₹ 621 mn to Biocon Biologics India Limited.

  Accordingly, results of Biologics and BFI business in FY 20 including gain on transfer of ₹ 46 mn, net of tax and comparatives for previous year has been disclosed as discontinued operations in the standalone financial statements.

- On April 01, 2019, the Board of Directors ("The Board") of the Company approved a scheme of Amalgamation ('the Scheme') of Biocon Research Limited ("BRL"), a wholly owned subsidiary, with Biocon Biologics India limited ("BBIL"), a subsidiary, with an appointed date of April 01, 2019. During the quarter ended March 31, 2020, Bengaluru Bench of National Company Law Tribunal ("NCLT") has approved the scheme. The Company received 3,106 equity shares of ₹ 10 each of BBIL for every 1 equity share held in BRL resulting in the issue of 155,300,000 equity shares of ₹ 10 each. The merger did not have any material impact on the standalone and consolidated financial statements.

- During the year, the Company sold its investment in the equity shares of Biocon Biologics Limited, United Kingdom ("BUK"), a wholly owned subsidiary to BBIL for a consideration of ₹ 10,810 mn and received dividend of ₹ 456 mn from BUK. The gain arising from such sale of equity shares, including dividend income, amounting to ₹ 820 mn is recorded as an exceptional item in the standalone financial statements. Consequential tax of ₹ 166 mn is included within the tax expense in the standalone and consolidated financial statements.

Transfer of Fusion Proteins (Standalone Financial Statements)

- During the year, the Company granted a license to develop, manufacture and commercialize fusion proteins to Bicara Therapeutics Inc, a wholly owned subsidiary. The gain on such licensing of ₹ 550 mn has been recorded as an exceptional income in the standalone financial statements. Consequential tax impact of ₹ 192 mn has been recorded in the standalone and consolidated financial statements within tax expense.

Sales of Syngene shares (Standalone Financial statements)

- During the year, Biocon Limited Employees Welfare Trust ("RSU Trust") sold 812,249 equity shares of Syngene in the open market. Pursuant to the consolidation of the RSU trust with the standalone financial statements, such gain arising from the sale of the equity shares of Syngene amounting to ₹ 259 mn has been recorded as an exceptional item in the standalone financial statements.
- During FY 19, the Company along with its subsidiary Biocon Research Limited ('BRL') sold 3.3% stake in Syngene. Gain on such sale, net of expenses amounting to ₹ 1,987 mn was recorded as exceptional gain in the standalone financial statements.

Fire incident in Syngene (Consolidated Financial statements)

- 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 had recorded a loss of ₹ 1,057 mn arising from such incident and received the disbursements of ₹ 1,770 mn from the insurance company against the loss till March 31, 2020. The aforementioned loss and the disbursements from the insurance claim has been presented on a net basis as ₹ 713 mn under exceptional items in the standalone and consolidated financial statements. Consequential tax and non-controlling interest of ₹ 254 mn and ₹ 137 mn respectively is included within tax expense and non-controlling interest in the consolidated financial statements.

Investment in Associate (Consolidated Financial statements)

- During FY 19, 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. The Company fair valued its investment on the date of loss of significant influence which resulted in a gain of ₹ 1,762 mn, net of tax expenses of ₹ 184 mn, which was disclosed as an exceptional item.

Impact of the COVID-19 pandemic

The COVID-19 pandemic has intensified into a global crisis, driving the nation to enforce lock-down of all economic activity for the last few months. We remain committed to the health and safety of our employees and their families, as well as, business continuity to safeguard the interests of our patients, partners, customers and other stakeholders. The impact of the pandemic on our business performance is outlined in the Financial FAQs and under the Management and Discussion Analysis Report.

Subsidiaries and Joint Ventures

Your Company has 16 subsidiaries and 1 joint venture as on March 31, 2020. A report on the performance and financial position of each subsidiary and joint venture is outlined in AOC-1 which is annexed to this report as Annexure - 1.

In accordance with the provisions of Section 136 of the Companies Act, 2013 and the amendments thereto, read with the SEBI Listing Regulations, the audited financial statements, including the consolidated financial statements and related information of the Company and financial statements of the subsidiary companies is available on our website www.biocon.com.

The Company has also formulated a policy for determining 'material' subsidiaries pursuant to the provisions of SEBI Listing Regulations. The policy is available at the website of the Company at https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover.

A report of the salient features and a summary of the financial performance of each of the subsidiaries is presented as below:

Syngene International Limited, India

Syngene International Limited is an innovation-focused global discovery, development and manufacturing organisation providing integrated scientific services to the pharmaceutical, biotechnology, nutrition, animal health, consumer goods and specialty chemical industries around the world. Its services include integrated drug discovery and development capabilities in chemistry, biology, in vivo and in vitro 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 Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

During the year ended March 31, 2020, Syngene (consolidated) registered a revenue growth of 10% to ₹ 20,935 mn (FY19 - ₹ 19,007 mn). EBIDTA margin for the year was 33 % with the operating margin at ₹ 6,995 mn (FY19 - ₹ 6,119 mn), registering a growth of 14%.

Syngene USA Inc.

Syngene USA Inc. a wholly owned subsidiary of Syngene, incorporated on August 24, 2017, with its registered office in the State of Delaware, United States of America (USA). The company provides sales and business support services to the operations of Syngene in USA. During FY20, Syngene USA Inc, posted a revenue of ₹ 104 mn and reported a net profit of ₹ 6 mn.

Biocon Biologics India Limited, India

Biocon Biologics India Limited ("BBIL") was incorporated on June 08, 2016 in India with an objective to set up greenfield biosimilar biologics facilities. During the year, the Company transferred its shareholding in Biocon Biologics Limited ("BUK") to BBIL.

Biocon Biologics is uniquely positioned as a fully integrated, global, 'pure play' biosimilars organization and aspires to transform patient lives through innovative and inclusive healthcare solutions. BBIL's portfolio of biosimilar molecules includes a rich pipeline of approved and in-development biosimilars; outcome of its world class R&D and global scale manufacturing expertise. BBIL has commercialized three of its biosimilars in developed markets like EU, U.S., Japan and Australia. It is a leading global insulins player with over 15 years of experience in addressing the needs of patients with diabetes, having provided over 2 billion doses of human insulin worldwide.

During the year, with an objective to consolidate the entire Biosimilars business under BBIL, the Company transferred the existing biosimilar business approved by the Board, on a slump sale basis effective May 1, 2019 to BBIL. Further, the Board also approved the transfer of its Branded Formulations India (BFI) Business on a 'going concern' basis to BBIL effective August 1, 2019. The transfer of such BFI business on a slump sale basis will lead to a consolidation of the marketing and manufacturing activities relating to the BFI business under a single entity with a common leadership and achieve synergies and value creation accretion for the group.

During the year, Biocon Research Limited, a wholly owned subsidiary of the Company was amalgamated with BBIL pursuant to the scheme of merger sanctioned by the Bengaluru Bench of National Company Law Tribunal on February 4, 2020 effective from April 1, 2019.

During the year, BBIL had received a primary investment from Activ Pine LLP ("Investor") for ₹ 5,360 Mn that translates to a 2.44% minority stake for the Group.

The infusion by the Investor will enable the expansion of Biosimilars' R&D and manufacturing capabilities to meet the growing demands of patients worldwide fuelling future growth of the business.

During the year ended March 31, 2020, BBIL posted revenue growth of 33% to ₹ 17,911 mn (FY19 - ₹ 13,451 mn) and a net profit of ₹ 2,883 mn (FY19 – ₹ 1,792 mn). BBIL has prepared its financial statements as per the applicable Indian Accounting Standard under common control. Accordingly, previous year numbers are restated.

Biocon Biologics Limited, UK

Biocon Biologics Limited ("BUK") which was incorporated in the United Kingdom on March 2016 is a wholly owned subsidiary of BBIL. In addition to the biosimilar Pegfilgrastim, which was launched in the United States under the brand name Fulphila, biosimilar Trastuzumab, branded as Ogivri TM was commercialised in the European union and the United States during the year.

During the year ended March 31, 2020, BUK earned ₹ 12,458 mn as revenue and reported a net profit of ₹ 2,631 mn as against revenue of ₹ 8,044 mn and net profit of ₹ 3,276 mn in FY19. This growth was a combination of increase in base business as well as the launch of co-developed products in new territories.

Biocon Sdn. Bhd., Malaysia

Biocon Sdn. Bhd., Malaysia is a wholly owned subsidiary of BUK. Biocon Sdn. Bhd. was established with an objective to set up the group's first overseas manufacturing facility at Malaysia. The facility is located within 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, cGMP certification from HPRA ("EMA") and received EIR from U.S. Food and Drug Administration ("USFDA"). Biocon Sdn. Bhd. holds the commercial and development rights of human insulin and analogs and continues the related Research and Development activities.

During the year, Biocon Sdn. Bhd. reported a total revenue of ₹ 2,740 mn and net loss of ₹ 2,794 mn in FY20 against a total revenue of ₹ 3,029 mn and a net loss of ₹ 1,158 mn in FY19.

Biocon Healthcare Sdn. Bhd., Malaysia

Biocon Healthcare Sdn. Bhd. ("BHSB") was incorporated in August 2017. The Company had approved the winding up of operations of BHSB, a wholly-owned subsidiary of the Company, as the entity has no significant operations. Further, BUK expressed interest to acquire BHSB, Malaysia to set up marketing operations for biologics in Malaysia, instead of setting up a new entity in Malaysia. Hence, the Company transferred its shareholding in BHSB to BUK, a step down subsidiary of the Company.

During the year ended March 31, 2020, BHSB earned ₹ 4 mn as revenue and reported a net loss of ₹ 8 mn.

BHSB was set up to carry on the business as importers and distributors of drugs and devices in the Malaysian market.

Biocon Biologics Inc., USA

Biocon Biologics Inc, USA ("BBIU") is a subsidiary of Biocon Biologics Limited, UK which was set-up during the year to undertake all activities relating to pharmaceuticals, bio-pharmaceuticals and biologics products, i.e. commercialization, distribution etc. in the USA and other geographies.

BBIU is yet to commence commercial operations.

Biocon Pharma Limited, India

Biocon Pharma Limited ("BPL") is a wholly owned subsidiary of the Company. BPL is engaged in the development and manufacture of generic formulations for sale in global markets, with a focus on opportunities in the US and EU. BPL has setup its formulations manufacturing facility for oral solid dosages at Bengaluru. BPL has capitalised ₹ 361 Crores in the March 2020.

Commercial operations have commenced in March 2020.

Biocon Pharma Inc, USA

Biocon Pharma, Inc. ("BPI"), a wholly owned subsidiary of Biocon Pharma Limited was incorporated in July 2015 in USA. BPI is engaged in the commercialization of generic formulations in the United States. During the financial year ended March 31, 2020, BPI revenues more than doubled from FY 19 driven by the full year results of the launch of Atorvastatin in FY 19.

BPI registered a turnover of ₹ 3,923 mn and reported a net profit of ₹ 277 mn against a revenue of ₹ 1,574 mn and a net profit of ₹ 23 mn in FY 19.

Biocon Pharma UK Limited, UK

Biocon Pharma UK Limited ("BPUK"), a wholly owned subsidiary of Biocon Pharma Limited was incorporated in December 2018 in the United Kingdom. BPUK is engaged in the commercialization of generic formulations in the United Kingdom. As on March 31, 2020, BPUK has not commenced its commercial operations. During the financial year ended March 31, 2020, BPUK reported a loss of ₹ 45 mn.

Biocon Pharma Ireland Limited, Ireland

Biocon Pharma Ireland Limited ("BPIL"), a wholly owned subsidiary of Biocon Pharma Limited was incorporated in December 2018 in Ireland. BPIL is engaged in commercialization of generic formulations in Ireland. As on March 31, 2020, BPIL is yet to commence commercial operations. During the financial year ended March 31, 2020, BPIL reported a loss of ₹ 16 mn.

Biocon Biosphere Limited, India

During the year, the Company decided to set up a new greenfield facility in Vizag to de-risk fermentation manufacturing at Bengaluru. Consequently, for this greenfield facility in Vizag, Biocon Biosphere Limited ("BBL"), was incorporated on December 24, 2019 as a wholly owned subsidiary of the Company under the Companies Act, 2013. The registered office of BBL is situated at 20th KM, Hosur Road, Electronic City, Bengaluru, Karnataka – 560 100, India.

As on March 31, 2020, BBL has not commenced commercial operations.

Biocon Academy, India

Biocon Academy spearheads Biocon Group's CSR initiatives in technical and professional education. The Academy was established as a Centre of Excellence for Advanced Learning in Biosciences in 2014. Biocon Academy leverages the rich industry experience of Biocon, its subject matter expertise alongside international Education Partners such as Keck Graduate Institute of Claremont, California (USA) and BITS-Pilani, India to deliver industry-oriented advanced learning and skill building programs for pharma and biotech graduates. Biocon Academy is dedicated exclusively to industry-oriented biosciences education. The programs offered by the Academy aim to empower the Biotechnology and Engineering graduates with advanced learning, industrial proficiency and job-skills development, the essential building blocks for a promising career in the Biotech industry.

Bicara Therapeutics Inc., USA

Bicara Therapeutics Inc., USA ("Bicara"), a wholly owned subsidiary of the Company, was incorporated in December 2018 in the United States of America. Bicara is anchoring the development of a pipeline of functional antibodies that exploit the recent advances in immuno-oncology.

During the year, the Company, to further develop and market Fusion MAB, molecules out-licensed the rights related to Fusion MAB molecules to Bicara for further development and commercialization

During the financial year ended March 31, 2020, Bicara recorded a revenue of ₹ 31 mn (FY 19- Nil), and reported a net loss of ₹ 649 mn (FY 19 - Nil).

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.

During the year, BSA registered a net loss of ₹ 32 mn against a profit of ₹ 40 mn in FY 19.

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, 2020, Biocon FZ LLC earned ₹ 834 mn in revenue and reported a net profit of ₹ 65 mn against a revenue of ₹ 1,729 mn and a net loss of ₹ 23 mn in FY 19.

Neo Biocon FZ LLC, UAE

Neo Biocon FZ LLC, UAE ('NB') is a joint venture ('JV') based in Dubai. Incorporated in 2007, NB was established as a market entity for the pharmaceutical products to target markets in the Middle East and GCC. During the year ended March 31, 2020 NB reported ₹ 786 mn as revenue and a net loss of ₹ 590 mn as against a revenue of ₹ 168 mn and a net profit of ₹ 18 mn in FY 19.

Bonus Issue

During the year, the Board, at its meeting held on April 25, 2019, approved and recommended the issue of bonus shares in the ratio of 1 equity share for every 1 equity share held as on the record date to commemorate the 40th anniversary of the company. The members approved the issue of bonus shares through postal ballot. Thereafter, the Company allotted 60,00,00,000 equity shares of face value ₹ 5 each and these bonus shares were credited to the accounts of eligible members during June 2019.

Dividend

Your Company is committed towards enhancing shareholder value for its investors. The Board, has pursued a policy of providing a consistent distribution of return. However, after careful consideration and taking a holistic view of the unprecedented circumstances of the COVID-19 pandemic, the Company has considered it prudent not to recommend the dividend for FY 2019-20 in order to maintain its liquidity position.

Dividend Distribution Policy

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board has formulated and adopted the Dividend Distribution Policy. The Policy is annexed as Annexure 2 to the Board's report and is also available on our website at https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover.

Management's Discussion and Analysis

Pursuant to Regulation 34 of the SEBI, (Listing Regulations) the Management Discussion and Analysis Report for the year, is presented in a separate section, forming part of the Annual Report.

Corporate Governance

Your Company is committed to maintain the highest standards of corporate governance. We believe in adherence to good corporate practices, implement policies and guidelines and develop a culture 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 to enhance and retain investor trust, long-term shareholder value and respect minority rights in all our business decisions.

The Corporate Governance Report along with the requisite certificate from the statutory auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under SEBI Listing Regulations forms part of the Annual Report.

Business Responsibility Report

As mandated by the Securities and Exchange Board of India ('SEBI'), the Business Responsibility Report ('BRR') forms part of the Annual Report. The report on the nine principles of the National Voluntary Guidelines on social, environmental and economic responsibilities of business as framed by the Ministry of Corporate Affairs is provided in relevant sections of the BRR.

Employee Stock Option Plan (ESOP)

Biocon's Employee Stock Option Plan ("the Plan") is administered by the Biocon India Limited Employees' Welfare Trust (ESOP Trust) under the instructions and supervision of the Nomination and Remuneration Committee (NRC). The Plan is implemented through a trust route in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company objectives, and promoting increased participation by them in the growth of the Company.

During the year, a total of 3,670,776 shares were transferred from the ESOP Trust to the eligible employees under the Company's prevailing ESOP plan. As on March 31, 2020, the ESOP Trust held 14,811,872 equity shares of the Company. During the year ended March 31, 2020, there has been no material change in the Company's existing plan and the plan is in compliance with SEBI SBEB Regulations.

The applicable disclosures as stipulated under the SEBI SBEB Regulations as on March 31, 2020 are appended herewith as Annexure 3 to the Board's report. The details of the Plan form part of the notes to accounts of the Financial Statements in this Annual Report. The Company has received a certificate from the statutory auditors that the scheme has been implemented in accordance with SEBI SBEB Regulations and the resolutions passed by the shareholders. The certificate would be placed at the Annual General Meeting 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.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 form 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.

For the purpose of selection of any Director, the Nomination and Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfils such criteria with regard to qualifications, positive attributes, independence, age and other criteria as laid down under the Act, Listing Regulations or other applicable laws. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on the remuneration of Directors, Key Managerial Personnel and other Employees as required under sub-section (3) of Section 178 of the Companies Act, 2013.The policy of the Company on director's appointment and remuneration is uploaded on to the Company's website and available at https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover.

As on March 31, 2020, the Board of Directors comprised of nine members including two women members, consisting of two Executive Directors, two Non-Executive Directors, and five Independent Directors. The Board periodically evaluates the need for change in its composition and size.

Board Diversity

Adequate diversity on the Board is essential to meet the challenges of business globalisation, rapid deployment of technology, greater social responsibility, increasing emphasis on corporate governance and enhanced need for risk management. The Board enables efficient functioning through differences in perspective and skill, and fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical backgrounds. The Board recognises the importance of a diverse composition and has adopted a Board Diversity Policy which sets out its approach to diversity. The policy is available at the website of the Company at https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover.

Declaration by Independent Directors

All Independent Directors of the Company have submitted the requisite declarations confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16 and 25(8) of SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

Independent Directors have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have also submitted their declaration in compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, which mandated the inclusion of an Independent Director's name in the data bank of Indian Institute of Corporate Affairs ("IICA") for a period of one year or five years or life time till they continues to hold the office of an independent director.

In the opinion of the Board, all the independent directors are persons of integrity, possesses relevant expertise and experience.

Board Evaluation

Pursuant to the provisions of Section 134 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations, 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 as per the criteria laid down by the Nomination and Remuneration Committee. 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.

Directors

As on March 31, 2020, the Board comprised of nine members including two women members. The Board has an appropriate mix of Executive Directors ('EDs'), Non-Executive Directors ('NEDs') and Independent Directors ('ID'), which is compliant with the Companies Act, 2013, the SEBI Listing Regulations and is also aligned with the best practices of Corporate Governance.

Appointment

During the year, Mr. Siddharth Mittal, was elevated to the position of the Chief Executive Officer ('CEO') and Joint Managing Director of the Company with effect from December 1, 2019 for a period of five years.

Effective April 1, 2020, he was elevated to the position of Managing Director and CEO of the Company. The Board has recommended his appointment and the same shall be placed for members approval at the ensuing AGM.

Mr. Siddharth Mittal has served as the Chief Financial Officer ('CFO') of the Company from August 1, 2014 to November 30, 2019.

Re-appointment

Mr. John Shaw, Non-Executive Director retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board recommends his re-appointment and this shall be placed for members approval at the ensuing AGM.

The Board, based on the recommendation of the Nomination and Remuneration Committee, at its meeting held on January 23, 2020, approved the re-appointment of Ms. Kiran Mazumdar-Shaw as an Executive Director ('designated as an Executive Chairperson') of the Company for a period of five years effective from April 1, 2020 on such terms and conditions including remuneration as may be approved by the Board. This shall be placed for members approval at the ensuing AGM.

To ensure enhanced corporate governance practices, the Securities and Exchange Board of India ('SEBI') had mandated a clear separation in the roles of Chairperson and Managing Director; the Chairperson should be a Non-Executive Director and not related to the Managing Director or the CEO.

Upon such requirement coming into effect, either on April 1, 2022 or later at such extended date as may be determined by the SEBI, Ms. Kiran Mazumdar-Shaw shall cease to be an Executive Director of the Company and would continue in the capacity of a Non-Executive Director (designated as 'Non-Executive Chairperson') of the Company, on such remuneration as applicable to other Non-Executive Directors of the Company, as may be determined by the Board of the Company from time to time.

The profile and particulars of experience, attributes and skills of the above Directors is disclosed in the Notice of the AGM and matters are placed for members approval at the ensuing AGM.

Retirement/Cessation

During the year, Mr. Russell Walls, an Independent Director, who had attained the age of 75 years, stepped down as an Independent Director at the conclusion of 41st AGM of the Company held on July 26, 2019. Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director of the Company, retired on November 30, 2019, after spending three decades with the Company.

Dr. Levin M Jeremy, an Independent Director resigned from the Board with effect from January 23, 2020, owing to his expanding commitments in the United States, which had restricted his availability to attend meetings at Biocon.

The Board expressed its gratitude for the outstanding contribution made by the above directors in the evolution and success of Biocon during their tenure.

Key Managerial Personnel

The Key Managerial Personnel(s) of the Company as on March 31, 2020 are Ms. Kiran Mazumdar-Shaw, Chairperson & Managing Director, Mr. Siddharth Mittal CEO & Joint Managing Director and Mr. Mayank Verma, Company Secretary & Compliance Officer.

Committees of the Board

Currently, the Company has five Board level Committees: Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination and Remuneration Committee ("NRC"), Stakeholders' Relationship Committee ("SRC") and Corporate Social Responsibility Committee ("CSR"). The composition of the above committees, as on March 31, 2020 is disclosed as under:

S. No.	Name of Members	Category	AC		RMC		NRC		SRC		CSR	
			C	M	C	M	C	M	C	M	C	M
1	Ms. Kiran Mazumdar-Shaw	Chairperson and Managing Director*				●		●				
2	Mr. John Shaw	Non-Executive Director										
3	Mr. Siddharth Mittal	CEO and Joint Managing Director*				●						
4	Prof. Ravi Mazumdar	Non-Executive Director						●		●		●
5	Mr. Bobby Parikh	Independent Director	●		●					●		
6	Mr. Daniel Mark Bradbury	Independent Director		●		●			●			
7	Mr. Meleveetil Damodaran	Independent Director		●		●						
8	Ms. Mary Harney	Independent Director					●				●	
9	Dr. Vijay Kuchroo	Independent Director						●				●

*Ms. Kiran Mazumdar-Shaw is Executive Chairperson effective from April 1, 2020 and Mr. Siddharth Mittal is Managing Director and CEO of the Company effective from April 1, 2020. C: Chairperson and M: Member.

Meetings of the Board

The meetings of the Board are scheduled at regular intervals to discuss and decide on matters of 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 certain exigencies, decisions of the Board are also accorded through circulation.

During the year, 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 annual report.

Related Party Contracts or Arrangements

There were no materially significant related party transactions entered between the Company, Directors, management and their relatives, except for those disclosed in the financial statements. All the contracts/arrangements/transactions entered by the Company with the related parties during FY 2019-20 were in the ordinary course of business and on an arm's length basis and whenever required the Company has obtained necessary approval as per the related transaction policy of the Company.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such a contract or arrangement in Form AOC-2 does not form a part of the Report.

The Company formulated the policy on 'Materiality of Related Party' transactions and on dealing with Related Party Transactions', and the same is available at https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover.The details of related party disclosures form part of the notes to the Financial Statements provided in the Annual 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 4 to the Boards' report.

Auditors

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 financial year ending March 31, 2020 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 Cost Records of the Company are maintained in accordance with the provisions of Section 148(1) of the Act as specified by the Central Government. The Cost Audit Report, for the financial year ended March 31, 2019, was filed with the Central Government within the prescribed time. The Board, on recommendation of the Audit Committee, had appointed M/s Rao & Murthy, Cost Accountants (Firm Registration Number 000065) as the Cost Auditors to conduct the audit of Company's cost records for the financial year ended March 31, 2020. The Cost Auditors 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.

The Cost Auditor will submit their report for the FY 2019-20 on or before the due date. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditor for FY 2020-21 is required to be ratified by the members, the Board recommends the same for approval by members at the ensuing 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 financial year 2019-20. The secretarial audit report for financial year 2019-20 is appended herewith as Annexure 5 to the Boards' report.

Pursuant to the SEBI circular vide no. CIR/CFD/CMD/1/27/2019 dated February 8, 2019, the Company has submitted the Annual Secretarial Compliance Report, issued by M/s. V. Sreedharan & Associates, Practicing Company Secretaries with the stock exchanges where shares of the Company are listed.

Reporting of fraud by auditors

During the year, the statutory auditors have not reported to the Audit Committee any material fraud on the Company by its officers or employees under Section 143(12) of the Companies Act, 2013, the details of which need to be provided in this report.

Risk Management Policy

The Company has put in place an enterprise wide Risk Management Framework with the objective of timely identification of risks, assessment and evaluation of such risks in line with the overall business objectives or strategies and define adequate mitigation strategy. On a quarterly basis, the Risk Management Committee reviews critical risks on a rotation basis in line with the risk management plan

to measure effectiveness of mitigation actions defined against critical risks and its impact on overall risk exposure of the Company. All the critical risk areas are covered at least once a year. All critical risk areas as identified by the Company are re-evaluated annually. During the course of year, appropriate changes were made to the risk register, considering internal or external changes.

Internal Financial Control

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

Due to the inherent limitations of internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements 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 the policies or procedures may deteriorate.

The Company has, in all material respects, an adequate internal financial control system and such internal financial controls which 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 the SEBI Listing Regulations 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: https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(b) they have selected such accounting policies and applied them consistently and made 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 the internal controls framework established by the Company, which were adequate and are 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 6 to the Boards' 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.

The statement containing the particulars of employees employed throughout the year and in receipt of remuneration of ₹ 1.02 crore or more per annum and employees employed for a part of the year and in receipt of remuneration of ₹ 8.5 Lakhs or more per month, as required under Section 197(12) of the Companies Act 2013 is available on the website of the Company at www.biocon.com

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 shareholder 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 its inception. With the incorporation of Biocon Foundation in 2004, the Company formally structured its CSR activity. Today, the Company span its CSR efforts through the Biocon Foundation, the Biocon Academy and select partnership programs with like-minded private organizations and Government. The Company promotes social and economic inclusion for the marginalized communities with its integrated system focussing 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 provides affordable primary and preventive healthcare services of assured quality. The initiative provides cushion to low and middle income groups from health shocks, caused by high out-of-pocket health expenditure and it is catering to the healthcare needs of a population of more than 10 lakhs living predominantly in the rural areas, peri-urban areas and slums in 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. The Biocon Academy is an initiative to create a globally competitive Biotech ecosystem in India.

Gender Equality & Empowerment of Women- Promoting gender equality and empowering women is amongst the most important CSR objectives of the Company. The Biocon Foundation has set up hostels for women who come from weaker sections of ociety. The donation of patrol vehicles to a special cell of Hebbagodi Police for ensuring safety of women is another initiative undertaken towards providing a safe environment.

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

Heritage Art & Culture- The Company places high emphasis on the protection of our national heritage, art and culture. We have offered grants to restore many institutions of great public importance including India Foundation for the Arts, in Bengaluru.

Technology Incubation- The Company is keenly aware of the power of technology in transforming the development indicators and accordingly, we support technology incubators which are approved by the Central Government. Under this initiative, the 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. The Biocon Foundation has undertaken many projects to bridge the rural-urban divide in terms of infrastructure. Some of our initiatives include the construction of roads, school buildings, community centres, community toilets and drinking water facilities. In an effort to ensuring rejuvenation of lakes in Bengaluru, the Biocon Foundation has treated the Hebbagodi lake with bio-remediation processes. Similar work on the 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 7 to the Boards' report. The Policy on Corporate Social Responsibility has been uploaded on to the website of the Company and is available at www.biocon.com.

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. An internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral. During the financial year under review, 3 complaints with allegations of sexual harassment were filed, of which 2 were disposed-off and 1 is pending closure as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Transfer of Unpaid and Unclaimed Amounts to IEPF

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all dividends which remains unpaid or unclaimed for a period of seven years from the date of their transfer to the unpaid dividend account are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF"), established by the Central Government. Further, as per IEPF Rules, the shares on which dividend has not been paid or claimed by the members for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

During the year, the Company has transferred unpaid and unclaimed dividends of ₹ 13,23,535 for the financial year 2011-12 and 9,566 corresponding shares on which dividends were unclaimed for seven consecutive years were transferred as per requirements of the IEPF Rules.

Further, as per Rule 6(8) of IEPF Rules, all benefits such as bonus shares, split, consolidation except right issue, accruing on shares which are transferred to IEPF, shall also be credited to the demat account of the IEPF authority. During the year, the Company has transferred 38,891 bonus shares to the IEPF authority.

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 Listing Regulations.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between March 31, 2020 and the date of this report.

Change in Nature of Business

There has been no change in the nature of the 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.

Annual Return

The Extract of annual return in Form MGT-9 as per the provisions of Section 134(3)(a) and 92(3) of the Companies Act, 2013, is annexed to this report as Annexure 8 and also is available on the website of the Company at www.biocon.com.

Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI)

The Company is compliant with and has proper systems to ensure compliance under the provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India ("the ICSI").

Green Initiative

We request all the shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and Biocon's continuance towards greener environment by enabling the service of the Annual Report, AGM Notice and other documents electronically to your email address registered with your Depository Participant/ Registrar and Share Transfer Agent.

We also request all the investors whose email id is not registered to take necessary steps to register their email id with the Depository Participant/ Registrar and Share Transfer Agent.

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 Government of India and Malaysia, Government of Karnataka, Government of Telangana, Government of AP, 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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Bengaluru
May 14, 2020

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

Form AOC -1

[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	4,000	17,741	41,620	19,879	7,764	20,935	5,157	1,042	4,115	–	70.24%
2	Biocon Academy, India	December 03, 2013	April - March	INR	1	1	32	30	–	–	–	–	–	–	100.00%
3	Biocon Pharma Limited, India	October 31, 2014	April - March	INR	141	176	5,441	5,124	–	25	(663)	(219)	(444)	–	100.00%
4	Biocon SA, Switzerland	April 21, 2008	April - March	USD	7	4,858	4,907	42	–	–	(32)	–	(32)	–	100.00%
5	Biocon Biologics India Limited, India	June 08, 2016	April - March	INR	2,060	8,093	48,989	38,836	–	17,911	3,234	351	2,883	–	96.07%
6	Biocon Biologics Limited, UK	March 02, 2016	April - March	USD	11,994	4,699	27,385	10,692	–	12,458	3,316	685	2,631	–	Refer note 2
7	Biocon SDN BHD, Malaysia	January 19, 2011	April - March	USD	12,692	(5,226)	29,939	22,473	–	2,740	(2,793)	1	(2,794)	–	Refer note 3
8	Biocon Pharma Inc, USA	July 27, 2015	January - December	USD	1,010	(57)	3,121	2,168	–	3,923	277	–	277	–	Refer note 4
9	Biocon FZ LLC, UAE	June 16, 2015	April - March	AED	3	64	541	474	–	834	65	–	65	–	100.00%
10	Biocon Biologics Healthcare SDN BHD, Malaysia	August 10, 2017	April - March	USD	35	(36)	1	2	–	4	(8)	–	(8)	–	Refer note 3
11	Syngene USA Inc., USA	August 24, 2017	January - December	USD	4	16	50	30	–	104	9	3	6	–	Refer note 5
12	Biocon Pharma UK Limited	December 07, 2018	April - March	GBP	33	(47)	13	27	–	–	(45)	–	(45)	–	Refer note 4
13	Bicara Therapeutics Inc	December 10, 2018	January - December	USD	–	(688)	743	1,431	–	–	(649)	–	(649)	–	100.00%
14	Biocon Pharma Ireland Limited	December 14, 2018	April - March	EUR	–	(17)	8	25	–	–	(16)	–	(16)	–	Refer note 4
15	Biocon Biologics Inc, USA	November 12, 2019	January-December	USD	–	–	–	–	–	–	–	–	–	–	Refer note 3
16	Biocon Biosphere Limited, India	December 24, 2019	April-March	INR	1	(4)	1	4	–	–	(4)	–	(4)	–	100.00%

* Exchange rate considered in the case of foreign subsidiaries - 1 USD = 75.34; 1 AED = 20.52; 1 MYR = 17.46; 1 GBP = 93.51; 1 EUR = 83.12

Converted at monthly average exchange rates

Notes

1. None of the subsidiaries have proposed dividends as at March 31, 2020.
2. Biocon Biologics India Limited holds 100% of equity stake in Biocon Biologics Limited, UK.
3. Biocon Biologics Limited, UK holds 100% of equity stake in Biocon SDN BHD, Biocon Biologics Inc., USA and Biocon Biologics Healthcare SDN BHD, Malaysia. The reporting currency of Biocon SDN BHD is MYR, however USD is disclosed since it is the functional currency.

4. Biocon Pharma Limited, India holds 100% of equity stake in:-
   a) Biocon Pharma Inc, US
   b) Biocon Pharma UK Limited
   c) Biocon Pharma Ireland Limited"
5. Syngene International Limited holds 100% of equity stake in Syngene USA Inc.
6. Biocon Pharma Limited has commenced commercial operations on March 31, 2020.
7. Biocon Research Limited, a wholly owned subsidiary of the Company was amalgamated with Biocon Biologics India Limited pursuant to the scheme of merger sanctioned by the Bengaluru Bench of National Company Law Tribunal on February 4, 2020 effective from April 01, 2019.

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

S. 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, 2020	147,000	142	49%	By way of control of more than twenty percent of total share capital	NA	142	(289)	(301)

For and on behalf of the Board

Kiran Mazumdar-Shaw
Executive Chairperson

Siddharth Mittal
Managing Director & CEO

Mayank Verma
Company Secretary

Bengaluru,
May 14, 2020

Annexure 2 - Dividend Distribution Policy

Introduction

The Board of Directors ("the Board") of Biocon Limited ("the Company") understands the importance of shareholders' confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy ("the Policy") and procedures with respect to Dividends declared/ recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time.

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 to 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 1, 2016.

Objective

The Company has an objective of appropriately rewarding shareholders through dividends and long-term capital appreciation. 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.

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. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans by reconciling between all these needs.

Approach

The Company's dividend payout will be determined based on available financial resources, investment requirements, long term growth strategies, internal and external factors and taking into account optimal shareholder return. The Board of Directors shall refer to the policy while declaring/ recommending dividends on behalf of the Company.

Procedures

Pursuant to provisions of Section 123 of the Companies Act, 2013 and rules made thereunder, the Board may declare interim dividend or recommend final dividend, payable to the existing shareholders of the Company subject to shareholders' approval. The Board may consider the free cash flow position, profit earned during that year, capex requirements, applicable taxes, overall market situation and other requisite parameters as per company's state of profitability.

The Board, as they deem fit, may declare the interim dividend, one or more times in a financial year in line with this policy. This would be in order to supplement the annual dividend or in exceptional situations.

Whereas, the final dividend is paid once for the 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 an Annual General Meeting.

Additional Measures

- After satisfying the financial position of the Company, the Board shall declare interim dividend or recommend final dividend.
- The Company shall notify in advance to the stock exchange(s) where the securities of the Company are listed and also after the meeting of its Board of Directors at which the declaration of dividend is to be considered.
- On declaration of the dividend, the Company shall notify stock exchange(s) for the record date or book closure date as the case may be and determine the shareholders eligible for the dividend.
- The payment of declared dividend will be processed with the help of Registrar & Share Transfer Agents and the banks.
- The final dividend shall accord the approval of shareholders at the Annual General Meeting.
- In case of unpaid or unclaimed dividend, the Company shall prepare the statement of unclaimed dividend and the same shall be uploaded on Company's website at: www.biocon.com as required under law.
- According to the applicable laws, the unpaid or unclaimed dividend amount shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government after the expiry of seven years from the date of transfer to "Unpaid Dividend Account" of the Company.

Class of Shares

The Company currently has only one class of shares - ordinary equity shares.

Category of Dividends

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

A. **Final Dividend:** Final dividend is paid once in a financial year after the annual accounts are prepared and adopted by the members of the Company. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the members in the Annual 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 may 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.

Financial Parameters that shall be considered while declaring dividend

Subject to the provisions of the Companies Act,2013, dividend shall be declared or paid only out of:

(i) **Profit of current financial year;**

a) After providing for depreciation in accordance with law;

b) After transferring to reserves, such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

(ii) **The profits for any previous financial year(s):**

a) After providing for depreciation in accordance with law;

b) Out of remaining undistributed amount; or

(iii) **Out of (i) & (ii) both**

In computing the above, the Board may, at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in laws or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

Factors to be considered while Declaring Dividend

While determining the nature and quantum of the dividend payout, the Board would take into account the following internal and external factors:

Internal Factors and Financial Parameters:

- Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
  - Previous years and
  - Internal budgets,
- Cash flow position of the Company and liquidity position;
- Accumulated reserves;
- Earnings stability;
- Future cash requirements for organic growth/expansion and/or for inorganic growth;
- Brand acquisitions;
- Current and future leverage and under exceptional circumstances, the amount of contingent liabilities;
- Deployment of funds in short term marketable investments;
- Capital expenditure(s)
- Long-term investments; and
- Any other factors as deemed fit by the Board.

External Factors:

- Sate of economy;
- Market conditions;
- Business cycles;
- Economic environment;
- Cost of external financing;
- Any political, tax and regulatory changes in the jurisdiction in which the Company operates.
- Industry outlook for the future years;
- Inflation rate, and;
- Changes in the Government policies or industry specific rulings and regulatory requirements.
- Any other factors as deemed fit by the Board.

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

Circumstances under which the Shareholders may or may not expect Dividend

The Equity Shareholders of the Company may expect dividend only if the Company is having surplus profits after providing for all expenses, depreciation and other necessary deductions and after complying with all other statutory provisions of the Companies Act, 2013 and other applicable laws. The internal and external factors specified above shall be a crucial factor for taking a dividend declaration decision and determining the dividend distribution amount.

The Equity Shareholders of the Company may not expect dividend, if the Company does not have surplus funds after providing for all expenses, depreciation, or other necessary deductions and after complying all other statutory provisions of the Companies Act, 2013 and other applicable laws. Also, the equity shareholders of the Company may not expect dividend, if the internal and external factors specified above warrant full retention of the surplus profit.

The Board may consider recommending a lower payout 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 shall provide the rationale in the Annual Report.

Policy as to how the retained earnings shall be utilized

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;

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

Disclosure

This Policy shall be uploaded on the Company's website for public information and the web link of the same shall be provided in the Annual Report of the Company.

Policy Review

The Key management personnel's (KMPs) or the person authorised by the Board may review this Policy from time to time. Any material changes to this Policy shall require prior approval of the Board. In case of any inconsistency between the terms of this Policy, Listing Regulations & Companies Act, 2013 the provisions of the Listing Regulations & Companies Act, 2013 shall prevail.

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

[Pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014]

Sl. No	Particulars	Status of compliance
1.	The Board of Directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations	There were no material changes in the scheme and scheme is in compliance with the regulations.
A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Yes - Disclosed in Notes to Accounts – Refer note 30 to Standalone Financial Statements for the year ended March 31, 2020
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard on Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time	Yes - Disclosed in Notes to Accounts – Refer note 31 to Standalone Financial Statements for the year ended March 31, 2020
C	Details related to ESOS	
	A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including	Refer note 30 to Standalone Financial Statements for the year ended March 31, 2020

1. Summary of Status of ESOP:

Sl. No	Particulars	
1	Date of shareholders' approval	September 27, 2001
2	Total number of options approved under ESOS	68,542,920*
3	Vesting requirements	
4	Exercise price or pricing formula	Refer note 30 of the standalone financial statements
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 ESOS - 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, FY 2017-18 and FY 2019-20.

2. Option movement during the year 2019-20:

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 *	601,750	1,334,100	4,628,400	1,041,000	7,807,500	4,932,870
2	Number of options granted during the year	–	–	–	–	1,755,000	3,341,250
3	Number of options forfeited / lapsed during the year	90,000	–	435,750	40,500	2,182,500	436,499

Sl. No	Particulars	Grant V	Grant VI	Grant VII	Grant VIII	Grant IX	Grant X
4	Number of options vested during the year	372,000	72,000	1,241,250	501,000	107,250	1,274,625
5	Number of options exercised during the year	424,750	1,301,100	800,375	289,000	28,688	826,863
6	Number of shares arising as a result of exercise of options	424,750	1,301,100	800,375	289,000	28,688	826,863
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	87,000	33,000	3,392,275	711,500	7,351,312	7,010,758
10	Number of options exercisable at the end of the year	87,000	33,000	600,025	368,000	78,562	597,132
11	Weighted-average exercise prices of options outstanding at the end of year	75	78	81	80	127	137
12	Weighted-average fair values of options granted	–	–	–	–	165	192

* Includes units on account of bonus issue during the year.

3. **Options granted to the employees of the company during the year:**

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

(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

4. **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

D. **Details related to ESPS -** Not Applicable

E. **Details related to SAR -** Not Applicable

F. **Details related to GEBS / RBS -** Not Applicable

G. Details related to Trust

(i) General information on schemes

Sl. No.	Particulars	
1	Name of the Trust	Biocon India Limited Employees Welfare Trust
2	Details of the Trustee(s)	Mr. Murali Krishnan KN Mr. Amitava Saha
3	Amount of loan disbursed by company / any company in the group, during the year	NIL
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	NIL
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	NIL
6	Any other contribution made to the Trust during the year	NIL

(ii) Brief details of transactions in shares by the Trust

(a) Number of shares held at the beginning of the year i.e. April 1, 2019 - 17,170,448 *

(b) Number of shares acquired during the year through

(i) primary issuance - Nil

(ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share – 1,312,200, 0.11% of paid up equity capital, weighted average cost ₹ 228

(c) Number of shares transferred to the employees / sold along with the purpose thereof – 3,670,776

(d) Number of shares held at the end of the year i.e. March 31, 2020 – 14,811,872 (a +b-c)

* adjusted for the effect of bonus shares

(iii) In case of secondary acquisition of shares by the Trust –

Particulars	Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year * – A	14,771,716	1.23%
Acquired during the year – B	1,312,200	0.11%
Sold during the year - C	–	–
Transferred to the employees during the year - D	1,272,044	0.11%
Held at the end of the year- E=A+B-C-D	**14,811,872**	**1.23%**

* adjusted for the effect of bonus shares

For and on behalf of the Board

Bengaluru
May 14, 2020

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Annexure 4 - 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 FY20 was 192 mn units as against 210 mn units in FY19. The unit consumption has decreased by 9% YOY and the total energy cost has reduced by 2% (₹ 1,972 mn in FY20 from ₹ 2,018 mn in FY19)*. The decrease in overall energy cost was attributable to reduction in unit consumption due to setting up of distinct grid power station and captive power plant by our subsidiary.
ii)	The steps taken by the company for utilizing alternate source of energy	By using renewable energy for 41% of total power requirement and using cleaner fossil fuel for steam generation (Natural gas instead of furnace oil), lead to a reduction of CO2 emission by 74,375 Tons
iii)	The Capital investment on energy conservation equipments	₹ 30 Mn

Sl. No	Power and fuel consumption details	FY20	FY19
1	**Electricity**		
a	Purchased		
	Million Units	184	200
	Total amount (₹ mn)	1,218	1,239
	Rate / Unit (INR)	6.6	6.2
B	Captive generation		
	HSD Quantity, KL	2,674	3,146
	Million Units	9	10
	Units / Litre	3.3	3.1
	Cost / Litre (INR)	47.3	48.9
	Generation cost, Rate / Unit (INR)	14.2	15.5
2	**Steam**		
A	Furnace oil		
	Quantity, SCM/KL	16	66
	Total amount (₹ mn)	0.5	3
	Average rate	34.0	40.2
B	Natural gas		
	Quantity, MMBTU	16,647,845	16,659,525
	Total amount (₹ mn)	592	588
	Average rate	36	35
C	Coal		
	Quantity, TO	4,849	5,132
	Total amount (₹ mn)	34	34
	Average rate	7,109	6,612

Sl. No	Energy conservation measures	Investment (In ₹ Mn)	Energy saved per Annum	
			Units	Amount (In ₹ Mn)
1	Installed energy efficient Air Compressor, Chillers and Boiler Economizer	30	4,000 SCM	11

Continuous monitoring of high energy consumption areas/equipment and taking appropriate corrective measures as and when required, resulted in energy saving and reduction in power consumption.

*Note: Total energy costs include cost of discontinued operations 39 Mn (March 31, 2019: 494 Mn).

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

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. Focus on innovative technologies in API process development.
5. Oncology API lab is functional.
6. 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 1,150 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.

Expenditure incurred on Research & Development

In ₹ Million

	FY20	FY19
a) Capital	152	152
b) Recurring	1,604	2,014
Total	1,756	2,166
Less: recharge	(29)	(121)
Net R&D Expenses	1,727	2,045

C. Foreign Exchange Earnings and Outgo

In ₹ Million

	FY20	FY19
Foreign exchange earned and used during the year:		
Gross Earnings	11,753	15,506
Outflow	8,474	10,399
Net foreign exchange earnings	3,279	5,107

For and on behalf of the Board

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Bengaluru
May 14, 2020

Annexure 5 - Secretarial Audit Report for the financial year ended March 31, 2020

Form No. MR-3

[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]

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** (hereinafter called 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 financial year ended on March 31, 2020 (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 during the audit period 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 Byelaws 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, 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, 2018 **(Not Applicable to the Company during the Audit Period)**; and

   i. The 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

h. Drugs (Control) Act, 1950

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

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above.

We have not examined compliance 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.

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 Chairman, the decisions of the Board were unanimous, and no dissenting views have been recorded.

Based on the review of systems and processes adopted by the Company and the Statutory Compliance self-certification by the Managing Director of the Company which was 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 as per the list of such laws as mentioned above in Point No. vi of para 3 of this report.

The following events/actions were having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period:

a. The Company has allotted 60,00,00,000 Bonus Equity Shares of ₹ 5/- each to the members of the Company in the Ratio of 1:1.

b. During the year under review Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director of the Company has retired from the office of CEO and Joint Managing Director on 30.11.2019. Further, Mr. Siddharth Mittal who was Chief Financial Officer (CFO) of the Company has resigned from the office of CFO with effect from 30.11.2019 and subsequently appointed as Chief Executive Officer (CEO) and Joint Managing Director (JMD) of the Company with effect from 01.12.2019.

c. Further during the year, the Board has taken note of completion of tenure of Ms. Kiran Mazumdar-Shaw as Managing Director of the Company with effect from 31.03.2020 and will continue to act as Executive Chairperson on the Board of the Company with effect from 01.04.2020. The Board also approved the elevation of Mr. Siddharth Mittal as Managing Director of the Company by changing his designation from Joint Managing Director to Managing Director of the Company with effect from 01.04.2020

For **V. SREEDHARAN & ASSOCIATES**

(Pradeep B. Kulkarni)
Partner
FCS: 7260; CP No. 7835
UDIN: F007260B000196438

Place: Bengaluru
Date: May 2, 2020

Annexure 6 - Particulars of Remuneration

Information pursuant to Section 197(12) of the Companies Act, 2013

(Read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

S. No.	Name of the Director/Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2020 (₹ million)	Percentage increase in remuneration of each Director/CFO/CS in the FY 2019-20	Ratio of the remuneration of each Director to the median remuneration of the employees
Executive Directors				
1	Ms. Kiran Mazumdar-Shaw[1] *Chairperson and Managing Director*	39.25	39.73%	70.78
2	Mr. Siddharth Mittal[2] *CEO and Joint Managing Director*	9.56	NA	51.74
3	Mr. Arun Suresh Chandavarkar[3] *CEO and Joint Managing Director*	54.08	111.98%	146.29
Non-Executive Directors				
4	Mr. John Shaw	2.07	80.37%	3.74
5	Prof. Ravi Mazumdar	3.65	21.38%	6.59
Independent Directors				
6	Ms. Mary Harney	3.37	12.24%	6.08
7	Mr. Daniel Mark Bradbury	2.23	(19.60)%	4.01
8	Dr. Vijay Kumar Kuchroo	2.27	(19.25)%	4.10
9	Mr. M. Damodaran	2.13	22.34%	3.84
10	Mr. Bobby Parikh	3.24	106.24%	5.84
11	Mr. Russell Walls[4]	1.06	(19.44)%	5.74
12	Dr. Jeremy M Levin[5]	2.48	25.95%	5.37
Key Managerial Personnel				
13	Mr. Siddharth Mittal[2] *Chief Financial Officer*	21.25	44.05%	NA
14	Mr. Mayank Verma[6] *Company Secretary*	3.26	NA	NA

Notes:

1. Ms. Kiran Mazumdar-Shaw is the Chairperson and Managing Director of the Company upto March 31, 2020. However, effective from April 1, 2020, she assumed the role of an Executive Chairperson of the Company.
2. Mr. Siddharth Mittal, was elevated to the position of Chief Executive Officer ('CEO') and Joint Managing Director of the Company with effect from December 1, 2019 for a period of five years. However, effective April 1, 2020, he is Managing Director and CEO of the Company. He was Chief Financial Officer of the Company upto November 30, 2019.
3. Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director of the Company, had retired on November 30, 2019, hence his remuneration is disclosed only for the period of holding the office.
4. Mr. Russell Walls, Independent Director, who had attained the age of 75 years, step down as an Independent Director at the conclusion of 41st AGM of the Company held on July 26, 2019

5. Dr. Levin M Jeremy, an Independent Director had resigned from the Board with effect from January 23, 2020.

6. Mr. Mayank Verma was appointed as Company Secretary of the Company effective from July 25, 2019, hence his remuneration is disclosed only for the period of holding the office.

7. The comparative increase / decrease in non-executive directors is based on number of meetings attended by them.

Note: Remuneration of the Independent Directors 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 ₹ 510,000 as at March 31, 2019 to ₹ 554,544 as at March 31, 2020, representing an increase of 9%.
II	Number of permanent employees on the rolls of the Company	There were 3,155 permanent employees as on March 31, 2020.
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 13.9%, 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 2019-20 was as per the Company's Policy on Director's Appointment and Remuneration

For and on behalf of the Board

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Bengaluru
May 14, 2020

Annexure 7 - Annual report on Corporate Social Responsibility activities for the financial year 2019-20

[Pursuant to the provisions of Section 135 of Companies Act, 2013]

A brief outline of Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

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 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, Member

c) Prof. Ravi Mazumdar, Member

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	3,953
Prescribed CSR expenditure (2% of the average net profit as computed above)	79
Details of CSR spent during the financial year 2019-20:	
Total amount to be spent for the financial year	79
Total amount spent	79
Amount unspent, if any	–

The details of the amount spent during the financial year is detailed below:

In ₹ Million

S. 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	Amount spent: direct/ through external agency
(i)	**Expenditure on Projects & Programs**						
	Cancer Screening	Promoting Healthcare	Bengaluru Urban, Karnataka	9.1	5.0	5.0	Biocon Foundation
	Cancer Screening	Promoting Healthcare	Varanasi, UP	4.8	1.7	1.7	Biocon Foundation
	Cancer Screening	Promoting Healthcare	Amritsar, Punjab	1.5	0.4	0.4	Biocon Foundation
	Cancer Screening	Promoting Healthcare	Guwahati, Assam	1.0	0.2	0.2	Biocon Foundation
	Cubbon Park	Restoration of sites of historical Importance	Bengaluru Urban, Karnataka	16.4	1.3	1.4	Biocon Foundation
	Drinking Water & Sanitation	Water, Sanitation and Hygiene	Bengaluru Urban, Karnataka	1.1	1.1	1.1	Biocon Foundation
	Govt. School Construction	Rural Development	Bengaluru Urban, Karnataka	26.5	1.1	1.1	Biocon Foundation
	Flood Relief	Disaster Management	Kodagu, Karnataka	6.3	6.3	6.3	Biocon Foundation
	Pandemic Relief	Disaster Management	Bengaluru Urban, Karnataka	15.0	7.5	7.5	Biocon Foundation
	Lake Rejuvenation	Environmental Sustainability	Bengaluru Urban, Karnataka	108.9	11.4	40.7	Biocon Foundation
	Biotechnology	Promoting Education	Bengaluru Urban, Karnataka	41.0	41.0	41.0	Biocon Academy
(ii)	**Administrative Expenses**	Office expenses	Bengaluru Urban, Karnataka	2.1	2.1	2.1	Biocon Foundation
	TOTAL			233.70	79.10	108.50	

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Mary Harney
Chairperson – CSR Committee
DIN: 05321964

Bengaluru
May 14, 2020

Annexure 8 - Form MGT-9 - Extract of Annual Return as on financial year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Registration & 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	Company limited by Shares
5.	Address of the Registered office & contact details	20th KM, 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 & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact : Tel +91 40 6716 1500; Email : Suresh.d@kfintech.com

Principal Business activities of the Company

S. 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%

Particulars of holding, subsidiary and associate companies

S. No.	Name and Address of the Companies	CIN/GNL	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section under Companies Act, 2013
1	Syngene International Limited	L85110KA1993PLC014937	Subsidiary	70.24%	2(87)
2	Biocon Biologics India Limited	U24119KA2016FLC093936	Subsidiary	96.07%	2(87)
3	Biocon Pharma Limited	U24232KA2014PLC077036	Subsidiary	100%	2(87)
4	Biocon Academy	U80301KA2013NPL072272	Subsidiary	100%	2(87)
5	Biocon Biosphere Limited	U24304KA2019PLC130965	Subsidiary	100%	2(87)
6	Bicara Therapeutics Inc.	NA	Subsidiary	100%	2(87)
7	Biocon SA	NA	Subsidiary	100%	2(87)
8	Biocon FZ LLC	NA	Subsidiary	100%	2(87)
9	Syngene USA Inc., USA	NA	Subsidiary	70.24%	2(87)
10	Biocon Sdn. Bhd. Malaysia	NA	Subsidiary	96.07%	2(87)
11	Biocon Healthcare SDN. BHD	NA	Subsidiary	96.07%	2(87)
12	Biocon Biologics Limited, UK	NA	Subsidiary	96.07%	2(87)
13	Biocon Biologics Inc., USA	NA	Subsidiary	96.07%	2(87)
14	Biocon Pharma Inc., USA	NA	Subsidiary	100%	2(87)
15	Biocon Pharma UK Limited	NA	Subsidiary	100%	2(87)
16	Biocon Pharma Ireland Limited	NA	Subsidiary	100%	2(87)
17	Neo Biocon FZ LLC	NA	Joint Venture	49%	2(6)

Share holding pattern (Equity Share Capital breakup as percentage of total Equity)

1. Category-wise Share Holding

Category of Shareholders		No. of shares at the beginning of the year[1] [As on April 1, 2019]				No. of shares at the end of the year[2] [As on March 31, 2020]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/ HUF	238,625,298	–	238,625,298	39.77	477,025,596	–	477,025,596	39.75	(0.02)
b)	Central Govt	–	–	–	–	–	–	–	–	
c)	State Govt(s)	–	–	–	–	–	–	–	–	
d)	Bodies Corp.									
e)	Banks / FI									
f)	Any other (Trust)									
	Sub Total (A-1)	238,625,298	–	238,625,298	39.77	477,025,596	–	477,025,596	39.75	(0.02)
(2)	Foreign									
a)	NRI/Other Individuals	6,776,958	–	6,776,958	1.13	13,778,916	–	13,778,916	1.15	0.02
b)	Bodies Corp.	118,605,582	–	118,605,582	19.77	237,211,164	–	237,211,164	19.77	–
c)	Banks / FI	–	–	–	–	–	–	–	–	
d)	Any other	–	–	–	–	–	–	–	–	
	Sub Total (A-2)	125,382,540	–	125,382,540	20.90	250,990,080	–	250,990,080	20.92	–
	Total shareholding of Promoter (A-1 + A-2)	364,007,838	–	364,007,838	60.67	728,015,676	–	728,015,676	60.67	–
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	17,332,741	–	17,332,741	2.89	61,612,765	–	61,612,765	5.13	2.24
b)	Banks / FI	6,972,225	–	6,972,225	1.16	19,475,130	–	19,475,130	1.62	0.46
c)	Central Govt	–	–	–	–	–	–	–	–	–
d)	State Govt(s)	–	–	–	–	–	–	–	–	
e)	Alternate Investment Fund					82,149	–	82,149	0.01	0.01
f)	Insurance Companies	–	–	–	–	–	–	–	–	–
g)	FIIs/Foreign Institutional Investor	107,385,097	–	107,385,097	17.90	179,712,602	–	179,712,602	14.98	(2.92)
h)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i)	Others (Qualified Institutional Buyer)	–	–	–	–	6,700,399	–	6,700,399	0.56	0.56
	Sub-total (B)(1):-	131,690,063	–	131,690,063	21.95	267,583,045	–	267,583,045	22.20	0.35

Category of Shareholders	No. of shares at the beginning of the year[1] [As on April 1, 2019]				No. of shares at the end of the year[2] [As on March 31, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	13,183,782	–	13,183,782	2.20	14,287,803	–	14,287,803	1.19	(1.01)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	37,425,276	14,906	37,440,182	6.24	72,671,672	28,889	72,700,561	6.06	(0.18)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	26,097,716	47,490	26,145,206	4.36	56,649,845	94,980	56,744,825	4.73	0.37
c) NBFCs registered with RBI	–	–	–	–	10,745	–	10,745	–	–
d) Any Others (specify)									
Non- Resident Indians	1,909,000	517,182	2,426,182	0.40	3,942,204	1,034,364	4,976,568	0.41	0.01
Qualified Foreign Investors	–	–	–	–	–	–	–	–	–
Clearing Members	810,665	–	810,665	0.14	3,453,267	–	3,453,267	0.29	0.15
Investor Education and Protection Fund (IEPF)	38,891	–	38,891	0.01	84,228	–	84,228	0.01	–
Beneficial Holdings under MGT-4	–	–	–	–	55,44,200	–	55,44,200	0.46	0.46
NRI - Non-Repatriation	2,781,140	–	2,781,140	0.46	5,857,025	94	5,857,119	0.49	0.03
Trusts	10,763,626	–	10,763,626	1.79	21674823	–	21,674,823	1.81	0.02
Foreign National	1,333,899	793,302	2,127,201	0.35	2,668,664	1,586,604	4,255,268	0.35	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2): -	94,343,995	1,372,880	95,716,875	15.95	186844476	2,744,931	189,589,407	15.80	(0.15)
Total Public Shareholding (B)= (B)(1) + (B)(2)	226,034,058	1,372,880	227,406,938	37.90	454,427,521	2,744,931	457,172,452	38.10	0.20
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–					
D. Non-Promoter Non-Public	8,585,224	–	8,585,224	1.43	14,811,872	–	14,811,872	1.23	(0.20)
Grand Total (A+B+C+D)	598,627,120	1,372,880	600,000,000	100.00	1,197,255,069	2,744,931	1,200,000,000	100.00	–

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (60,00,00,000 equity shares) as at the beginning of the year;

(2) Percentage calculated on the paid-up share capital (120,00,00,000 equity shares) as at the end of the year.

2. Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of shares at the beginning of the year[1]			No. of shares at the end of the year[2]			% 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	–	475,725,384	39.64	–	–
2	Glentec International	118,605,582	19.77	–	237,211,164	19.77	–	–
3	John Shaw	4,222,674	0.70	–	8,445,348	0.70	–	–
4	Ravi Rasendra Mazumdar	2,295,042	0.38	–	4,815,084	0.40	–	0.02
5	Yamini R Mazumdar	762,606	0.13	–	1,300,212	0.11	–	(0.02)
6	Dev Mazumdar	259,242	0.04	–	518,484	0.04	–	–
	Total	364,007,838	60.67	–	728,015,676	60.67	–	–

3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year[1]		Cumulative shareholding during the year[2]	
		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
	Bonus shares	237,862,692	–	475,725,384	39.64
	At the end of the year	–	–	475,725,384	39.64
2	Glentec International				
	At the beginning of the year	118,605,582	19.77		
	Bonus shares	118,605,582	–	237,211,164	19.77
	At the end of the year	–	–	237,211,164	19.77
3	John Shaw				
	At the beginning of the year	4,222,674	0.70	–	–
	Bonus shares	4,222,674	–	8,445,348	0.70
	At the end of the year	–	–	8,445,348	0.70
5	Yamini R Mazumdar				
	At the beginning of the year	762,606	0.13	–	–
	Bonus shares	762,606	–	1,525,212	0.13
	Transfer to Ravi Mazumdar	(225,000)	(0.02)	1,300,212	0.11
	At the end of the year	–	–	1,300,212	0.11
6	Ravi R Mazumdar				
	At the beginning of the year	2,295,042	0.38	–	–
	Bonus shares	2,295,042	–	4,590,084	0.38
	Transfer from Yamini Mazumdar	225,000	0.02	4,815,084	0.40
	At the end of the year	–	–	4,815,084	0.40

Sl. No.	Particulars	Shareholding at the beginning of the year[1]		Cumulative shareholding during the year[2]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	Dev Mazumdar				
	At the beginning of the year	259,242	0.04	–	–
	Bonus shares	259,242	–	518,484	0.04
	At the end of the year	–	–	518,484	0.04

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (60,00,00,000 equity shares) as at the beginning of the year;

(2) Percentage calculated on the paid-up share capital (120,00,00,000 equity shares) as at the end of the year.

4. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning of the year[1]		Cumulative shareholding during the year[2]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Ahan – I Ltd				
	At the beginning of the year	3,765,887	0.63	3,765,887	0.63
	Bought prior to Bonus	27,400	0.00	3,793,287	0.63
	Bonus shares	3,793,287	–	7,586,574	0.63
	Bought post Bonus	12,361,800	1.03	19,948,374	1.66
	At the end of the year	–	–	19,948,374	1.66
2	Life Insurance Corporation of India				
	At the beginning of the year	5,210,220	0.87	5,210,220	0.87
	Bonus shares	5,210,220	–	10,420,440	0.87
	Bought post Bonus	8,122,488	0.68	18,542,928	1.55
	At the end of the year	–	–	18,542,928	1.55
3	ICICI Prudential				
	At the beginning of the year	4,196,791	0.70	4,196,791	0.70
	Bought prior to Bonus	137,128	0.02	4,333,919	0.72
	Sold prior to Bonus	(49,598)	(0.01)	4,284,321	0.71
	Bonus shares	4,284,321	–	8,568,642	0.71
	Bought post Bonus	11,450,540	0.95	20,019,182	1.67
	Sold post Bonus	(2,912,251)	(0.25)	17,106,931	1.43
	At the end of the year			17,106,931	1.43
4	Aditya Birla Sun Life Trustee Private Limited				
	At the beginning of the year	4,854,050	0.81	4,854,050	0.81
	Bought prior to Bonus	134,201	0.02	4,988,251	0.83
	Sold prior to Bonus	(1,326,265)	(0.22)	3,661,986	0.61
	Bonus shares	3,661,986	–	7,323,972	0.61
	Bought post Bonus	7,038,050	0.59	14,362,022	1.20
	Sold post Bonus	(1,115,482)	(0.09)	13,246,540	1.10
	At the end of the year			13,246,540	1.10

Sl. No.	Name	Shareholding at the beginning of the year[1]		Cumulative shareholding during the year[2]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	Dr. Arun Suresh Chandavarkar				
	At the beginning of the year	6,600,000	1.10	6,600,000	1.10
	Bonus shares	6,600,000	–	13,200,000	1.10
	At the end of the year			13,200,000	1.10
6	Reliance Capital Trustee Co. Ltd.				
	At the beginning of the year	3,715,256	0.62	3,715,256	0.62
	Bought prior to Bonus	3,678,841	0.61	7,394,097	1.23
	Sold prior to Bonus	(1,041,827)	(0.17)	6,352,270	1.06
	Bonus shares	6,352,270	–	12,704,540	1.06
	Bought post Bonus	7,632,666	0.64	20,337,206	1.69
	Sold post Bonus	(7,889,004)	(0.66)	12,448,202	1.04
	At the end of the year			12,448,202	1.04
7	Mirae Asset Fund				
	At the beginning of the year	208,452	0.03	208,452	0.03
	Bought prior to Bonus	599,320	0.10	807,772	0.13
	Sold prior to Bonus	(549,047)	(0.09)	258,725	0.04
	Bonus shares	258,725	–	517,450	0.04
	Bought post Bonus	11,944,962	1.00	12,462,412	1.04
	Sold post Bonus	(255,500)	(0.02)	12,206,912	1.02
	At the end of the year			12,206,912	1.02
8	Societe Generale - ODI				
	At the beginning of the year	3,026,568	0.50	3,026,568	0.50
	Bought prior to Bonus	63,821	0.01	3,090,389	0.52
	Sold prior to Bonus	(62,819)	(0.01)	3,027,570	0.50
	Bonus shares	3,027,570	–	6,055,140	0.50
	Bought post Bonus	17,877,879	1.49	23,933,019	1.99
	Sold post Bonus	(11,810,168)	(0.98)	12,122,851	1.01
	At the end of the year			12,122,851	1.01
9	Jupiter India Fund				
	At the beginning of the year	6,570,172	1.10	6,570,172	1.10
	Bonus shares	6,570,172	–	13,140,344	1.10
	Sold post Bonus	(1,487,457)	(0.12)	11,652,887	0.97
	At the end of the year			11,652,887	0.97
10	Arohi Emerging Asia Master Fund				
	At the beginning of the year	2,731,270	0.46	2,731,270	0.46
	Bought prior to Bonus	1,229,300	0.20	3,960,570	0.66
	Bonus shares	3,960,570	–	7,921,140	0.66
	Bought post Bonus	3,542,930	0.30	11,464,070	0.96
	At the end of the year			11,464,070	0.96

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

[1] Percentage calculated on the paid-up share capital (60,00,00,000 equity shares) as at the beginning of the year;

[2] Percentage calculated on the paid-up share capital (120,00,00,000 equity shares) as at the end of the year.

The date-wise increase / decrease in shareholding of the top 10 shareholders is part of Additional Information, available on our website at www.biocon.com.

5. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year[1]		Cumulative shareholding during the year[2]	
		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
	Bonus shares	237,862,692	–	475,725,384	39.64
	At the end of the year	–	–	475,725,384	39.64
2	John Shaw				
	At the beginning of the year	4,222,674	0.70	–	–
	Bonus shares	4,222,674	–	8,445,348	0.70
	At the end of the year	–	–	8,445,348	0.70
3	Ravi R Mazumdar				
	At the beginning of the year	2,295,042	0.38	–	–
	Bonus shares	2,295,042	–	4,590,084	0.38
	Transfer from Yamini Mazumdar	225,000	0.02	4,815,084	0.40
	At the end of the year	–	–	4,815,084	0.40
4	Siddharth Mittal				
	At the beginning of the year	102,000	0.02		
	Bonus shares	102,000	–	204,000	0.02
	At the end of the year			204,000	0.02

Note: The total number of shares has increased due to issuance of bonus shares in June 2019 in the ratio of 1:1.

(1) Percentage calculated on the paid-up share capital (60,00,00,000 equity shares) as at the beginning of the year;

(2) Percentage calculated on the paid-up share capital (120,00,00,000 equity shares) as at the end of the year.

Shareholding of Dr. Vijay Kuchroo, Mr. Daniel Bradbury, Mr. M. Damodaran, Mr. Bobby Parikh and Ms. Mary Harney, Independent Directors and Mr. Mayank Verma, Company Secretary of the Company is Nil as on March 31, 2020.

Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	693	22	–	715
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	693	22	–	715
Change in Indebtedness during the financial year*				
- Addition	5	–	–	5
- Reduction	(698)	(8)	–	(706)
Net Change	(693)	(7)	–	(701)
Indebtedness at the end of the financial year				
i) Principal Amount	–	14	–	14
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1	–	1
Total (i+ii+iii)	–	15	–	15

* including restatement loss/(gain) on foreign currency borrowings

Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹ million)

S. No.	Particulars of Remuneration	Kiran Mazumdar-Shaw (Chairperson and Managing Director)*	Dr. Arun Suresh Chandavarkar (CEO and Joint Managing Director)**	Siddharth Mittal (CEO and Joint Managing Director)***	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39.25	54.08	9.55	102.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961#	–	18.73	0.09	18.82
	(c) Profits in lieu of salary under section 17(3) Income- tax Act	–	–	–	–
2	Stock Option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission				
	- as % of profit				
	- Others, specify...				
5	Others, (Bonus)	–	–	–	–
	Total (A)	39.25	72.81	9.64	121.70

Note:

*Ms. Kiran Mazumdar-Shaw is the Chairperson and Managing Director of the Company upto March 31, 2020. However, effective from April 1, 2020, she assumed the role of an Executive Chairperson of the Company.

**Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director of the Company, had retired on November 30, 2019, hence his remuneration is disclosed only for the period of holding the office.

***Mr. Siddharth Mittal, was elevated to the position of Chief Executive Officer ('CEO') and Joint Managing Director of the Company with effect from December 1, 2019 for a period of five years. However, effective April 1, 2020, he is Managing Director and CEO of the Company. He was Chief Financial Officer of the Company upto November 30, 2019.

#This includes value of perquisite for Dr. Arun Suresh Chandavarkar & Mr. Siddharth Mittal.

B. Remuneration to other directors

(Amount in ₹ million)

Sl. No.	Particulars of Remuneration	Name of Directors									Total
		John Shaw	Ravi Mazumdar	Vijay Kuchroo	Daniel Bradbury	Mary Harney	M. Damodaran	Bobby Parikh	Russell Walls*	Jeremy Levin*	
1	Independent Directors										
	Fee for attending board committee meetings	–	–	0.40	0.50	0.60	0.60	0.60	0.10	0.50	3.30
	Commission	–	–	2.27	2.23	3.37	2.13	3.24	1.06	2.48	16.72
	Total (1)	–	–	2.67	2.73	3.97	2.73	3.84	1.16	2.98	20.02

(Amount in ₹ million)

Sl. No.	Particulars of Remuneration	Name of Directors									Total
		John Shaw	Ravi Mazumdar	Vijay Kuchroo	Daniel Bradbury	Mary Harney	M. Damodaran	Bobby Parikh	Russell Walls*	Jeremy Levin*	
2	Non-Executive Directors										
	Fee for attending board committee meetings	0.50	0.60	–	–	–	–	–	–	–	1.10
	Commission	1.57	3.05	–	–	–	–	–	–	–	4.62
	Total (2)	2.07	3.65	–	–	–	–	–	–	–	5.72
	Total B (1 + 2)	2.07	3.65	2.61	2.73	3.97	2.73	3.84	1.16	2.98	25.74
	Total Managerial Remuneration (A+B)										147.44
	Overall Ceiling as per the Act (A+B)										405

Note: *Mr. Russell Walls and Dr. Jeremy Levin has stepped down as Independent Directors of the Company effective from July 26, 2019 and January 23, 2020 respectively.

C. Remuneration to key managerial personnel other than MD/Manager/Whole-time Director

(Figures in ₹ million)

Sl. No.	Particulars	Siddharth Mittal Chief Financial Officer*	Mayank Verma Company Secretary**	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21.25	3.26	24.51
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961#	18.43	0.99	19.42
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	39.68	4.25	43.93

Note:

* Mr. Siddharth Mittal, was Chief Financial Officer of the Company upto November 30, 2019. Thereafter he was elevated to the position of Chief Executive Officer ('CEO') and Joint Managing Director of the Company with effect from December 1, 2019 for a period of five years. However, effective April 1, 2020, he is Managing Director and CEO of the Company. .

**Mr. Mayank Verma was appointed as Company Secretary of the Company effective from July 25, 2019, hence his remuneration is disclosed only for the period of holding the office.

#This is the value of the taxable ESOP Perquisite.

The remuneration of the CEO has been included under section A itself.

Penalties / Punishment/ Compounding of Offences:

There were no penalties/punishment/ compounding of offences for the year ended March 31, 2020.

On behalf of the Board of Directors

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Date: May 14, 2020
Place: Bengaluru

Management
Discussion and Analysis

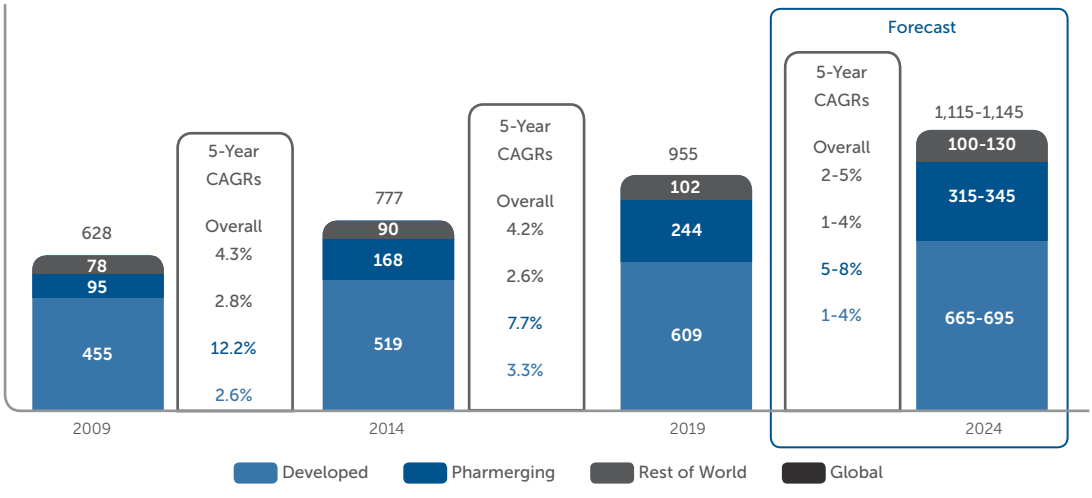
A Growing Industry in a Volatile Global Growth Environment

As per the International Monetary Fund, global economic growth was expected to rise from 2.9 percent in 2019 to 3.3 percent in 2020, slightly weaker than earlier projections. Economic weakness in certain emerging market economies, especially India led to this revision of growth prospects. Stronger multilateral cooperation, more balanced policy mix at national levels and impact of monetary policy easing could help strengthen economic activity and prevent downside risks.

However, the coronavirus (COVID-19) outbreak has brought considerable human suffering and major economic disruption with the growth prospects of the global economy becoming highly uncertain. Adverse impact on global business confidence has been witnessed in the first quarter of 2020, with financial markets demonstrating high volatility and capital flight, especially in emerging market economies where investors have been major sellers in stock markets. IMF predicts that global growth is expected to fall below 2019 levels[1].

Economic growth, an expanding global population, rise in incomes 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. Global medicine spending is expected to rise from US$955 billion in 2019 to over US$1.1 trillion by 2024, per IQVIA.

Figure 1. Global Medicine Net Market Size and Growth 2009–2024, Constant US$Bn



Source: IQVIA Therapy Prognosis, Sep 2019; IQVIA Institute, Dec 2019

Notes: Net Market Size after estimated off-invoice discounts and rebates, estimated at country level

The rise in spending is expected to be driven by the increased access globally and the anticipated launch of novel therapies, including gene and cell therapy addressing key unmet needs. Payer scrutiny, government prescription drug policies and sales losses from genericization and biosimilar competition are expected to result in reduction in the global growth rate of medicine spending.

1 Source: https://blogs.imf.org/2020/03/04/potential-impact-of-the-coronavirus-epidemic-what-we-know-and-what-we-can-do; accessed on March 23, 2020

Trends Impacting the Global Pharmaceutical Sector

1. Growing and Ageing Populations
2. Advances in Science & Technology and Key R&D Focus Areas
3. Growing Adoption of Digital Technologies
4. Pricing and Access
5. Regulatory Environment & Geopolitical Uncertainties
6. Impact of COVID-19 on the Global Pharmaceutical Industry Landscape

Growing and Ageing Populations

The world's population is rising and more people are living longer. This demographic change is driving demand for both preventive and therapeutic healthcare products. While there is increased affordability due to increased wealth, there are also increased healthcare challenges and costs. An ageing population and changes in society are contributing to steady increases in non-communicable diseases (NCDs). These diseases include cancer and cardiovascular, metabolic and respiratory diseases often associated with lifestyle choices, including smoking, diet and lack of exercise.

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.

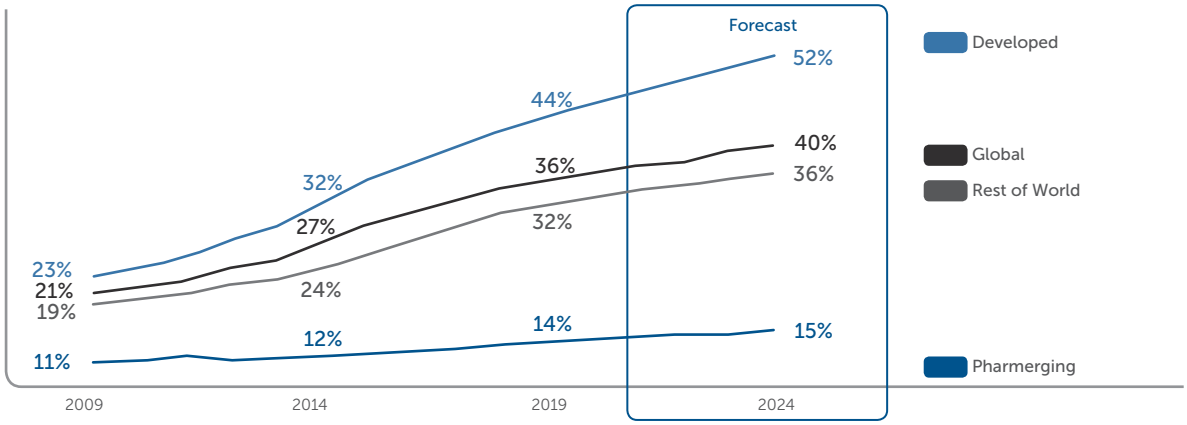
Advances in Science & Technology and Key R&D Focus Areas

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 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.

The growth therefore over the last few years which is being enjoyed by the biopharma sector has been facilitated by an increasingly cooperative and flexible United States Food and Drug Administration (FDA). The positions adopted by the FDA play a key role in the success of new specialty medicines (medicines for chronic, complex or rare diseases) given that United States is the biggest acquirer of medicines globally. The sector's focus on rare diseases or poorly served niches in the oncology world has a lot to do with this focus, which the FDA has rewarded with very fast decisions. At the same time, enabled by technology, patients are becoming more engaged and willing to take greater control of their health and treatment choices.

Adoption of specialty biopharmaceuticals is driving spending increases and these products now account for 36% of spending globally. Specialty spending is projected to account for 40% of global spending in 2024. In developed markets, spending on specialty products is expected to reach 52% in 2024.

Table 2: Global Medicines Specialty Share of Invoice Spending by Region



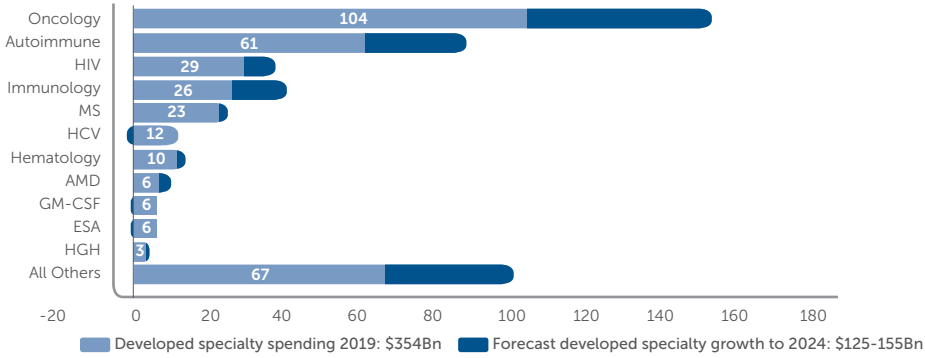
Source: IQVIA Therapy Prognosis, Sep 2019; IQVIA Institute, Dec 2019

Notes: Specialty medicines are defined by IQVIA as drugs for chronic, complex or rare diseases which meet a majority of defined characteristics

Analysis shown is based on invoice price level, not reflecting rebates. Regions are based on country estimates including 219 countries in IQVIA Market Prognosis

Spends on Oncology therapies is expected to be the largest contributor to global spending, growing 51% through 2024. This is expected to be followed by spends on Autoimmune, Immunology and HIV drugs.

Table 3: Specialty Invoice Spending by Therapy Area in Developed Markets, Constant US$Bn



Source: IQVIA Market Prognosis, Sep 2019; IQVIA Institute, Dec 2019

Notes: Leading specialty therapy areas and total others. All others are classes with 2019 spending smaller than those shown. Analysis shown in constant US$. Data is based on the eight developed markets available in IQVIA Therapy Prognosis (see Notes on Sources), does not include the developed markets Australia or South Korea.

Growing Adoption of Digital Technologies

The life sciences sector is an inflection point. While the promise of cell and gene therapies is being delivered to patients, artificial intelligence (AI) and machine learning (ML) approaches are raising expectations that discovery and development may not only be more innovative, but cheaper and more time efficient. Data-driven approaches have the potential to create value across manufacturing, supply chain, and the entire health care ecosystem.

Creating new value for all stakeholders and themselves: To create value for patients, organizations are expected to focus on providing a holistic patient experience - mapping all the touchpoints that patients may experience throughout their journey with their caregivers. Patients and caregivers could connect digitally and address needs ranging from diagnosis to maintenance. Medical device companies could develop more user-friendly devices and look at ways to offer patient-centered services in nonclinical settings, driven by technology and connectivity. From a workforce standpoint, organizations can leverage technologies for meaningful work with flexible work models revolving around human-machine collaboration.

To create value for themselves, organization lacking such capabilities are expected to make technology investments either through acquisitions or via in-licensing of software applications. Such technology investments are expected to play a key role across compliance, risk management, and to enhance real-world evidence and drug discovery, among others.

Leveraging opportunities and increasing efficiencies: AI is ushering in a new era of intelligent drug discovery and is expected to lead to new developments. Demand for personalized treatments is driving operations away from large scale factories to smaller but many facilities. Data-driven manufacturing is helping companies with renewed focus on quality and compliance and helping companies become more agile and reduce the number of days it takes to release a drug product. With AI and augmented reality (AR), organizations could track productivity in real time, as well as reduce the risk of human error.

Building blocks for the future: New therapies coming to the market such as cell and gene therapies, as well as therapies for orphan indications address high unmet need but carry high treatment costs. Healthcare systems are unlikely to be able to absorb the costs of such expensive treatments. As a result, drug manufacturers are expected to move beyond just selling their products and also look at innovative pricing and reimbursement models to promote market accessibility.

Device generated data and analytics would help in real time and personalized decision making and help improve patient outcomes. Collaborations between drug manufacturers, technology companies and medical device manufacturers could pave the way for greater patient centricity as the traditional business models of the industry are challenged.

Beyond this, stakeholders including shareholders are scrutinizing companies on non-financial aspects such as environmental and social facets. Companies are likely to look at ways, including public-private partnerships, to more closely align their corporate social responsibility (CSR) with innovation and patient programs, as it will not just benefit them but society as well.

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.

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.

Rhetoric around drug pricing is only going to increase as the US presidential election gets closer, keeping a sector already unpopular with voters under the spotlight. While the political stand-off would mean that US lawmakers may not agree on any new measures any time soon, it is evident that the cost of medicines will remain a live issue in 2020.

Despite this, therapies 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.

Regulatory Environment & Geopolitical Uncertainty

The biopharmaceutical industry is highly regulated with public expectations that available medicines be safe, effective and of high quality. We are also witnessing introduction of Government policy and regulation to accelerate innovation in drug development. Regulatory health authorities are implementing programs intended to speed up patient access to transformative medicines. These include China, Japan and the United States. Other countries are also working on work sharing processes wherein review pathways relying on assessment conducted by reference agency have been introduced in many countries to speed up patient access to medicines.

Several uncertainties are also present in the industry; disputes over healthcare policies in the United States are expected to continue and rhetoric rise with the upcoming Presidential elections scheduled during this year. The election is is expected to cause uncertainty for all market players' with financial markets expected to display volatility for larger section of listed biopharmaceutical companies. In Europe, they include how the United Kingdom (UK) might work with the EU regulatory system after the expiry of the transition period, following its exit from the EU in January 2020 and the approach the UK might take to establishing its own regulatory system outside of the EU. The relocation of the EMA from London to Amsterdam, Netherlands has resulted in some delays and disruption to regulatory processes.

In biosimilar development, regulatory requirements for registration of products are now well established. However, significant areas of regulatory policy are still evolving including 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. Furthermore, transparency in data used for regulatory decision making is an area of increasing interest among global regulators such as that of US and EU.

Impact of COVID-19 on the Global Biopharmaceutical Industry Landscape

While the human cost and economic disruptions of the global pandemic have created shock waves, the mission of the pharma industry to maintain a steady supply of vital medicines and deliver new innovation has remained a steady focus. While other sectors may be more threatened by the pandemic, the business challenges facing pharma are urgent, like ensuring that supply chains are functioning so patients can get needed prescriptions filled and remain on critical therapies. As a result, companies are moving decisively to ensure patient health, manage disruptions and lead the development of a vaccine, antiviral or other therapeutic solution for COVID-19.

Companies have faced disrupted supply chains, delayed clinical trials and lack of access to physicians and other medical forums. During the course of this pandemic, patients either have been unable or unwilling to visit physicians for new diagnoses or prescriptions or refills. This trend could continue in the coming months as well and could result in fewer prescription and potential reduction in offtake. Companies will have to innovate to alleviate such situations by working with payers, providers and patients and increase the use of digital mediums and technology and facilitate interactions among physicians and patients and clearing of backlogs for diagnoses and fulfilment of prescription requirements.

Product launches by pharma companies may be delayed, and those that go ahead may fall short of expectations, given the impediments to commercializing drugs at the same speed and scale in the current environment. Once the public health crisis is over and business operations return to normal, pharma executives will need to adjust go-to-market strategies for previously planned product launches. Leveraging digital tools would be one way improving productivity of the field force which is currently unable to meet with physicians in their office to promote the products being launched by the pharma companies.

The COVID-19 crisis also will have indirect effects for the broader pharma environment, including reduced funding for early-stage biotech companies and diminished demand for contract research organizations. Research funds will also be diverted towards finding a cure for COVID-19, both at government level as well as at the level of private enterprise. Importantly, the underlying economic crisis triggered by the COVID-19 pandemic will have a significant ripple effect on state and national budgets. Urgent and costly measures to shore up businesses and support individuals will force governments to contain outlays in every category, including healthcare. This will result in pricing pressure on both commodity as well as specialty drugs and the bar of incremental innovation required for premium-price drugs will continue to rise.

In this backdrop, while the industry does not face a crisis, it needs to effectively respond to the challenges posed to ensure short to medium term visibility of not only its financial performance but also of its pipeline on which rests the long term potential of the sector. Companies therefore may have to be prudent to allocate spend, including deferment of some projects, to offset any such potential headwinds to in the current business environment. If the impact of this pandemic lingers for much longer, it could negatively influence the outlook that has been laid out in the sections earlier.

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 and technical know-how, vertical integration, talented people, quality culture, strong global partners and customers. We remain confident to deliver on our goals across various business segments.

We believe the choices we made in the past, which revolve around complexity of development and involve breadth and depth of various technology platforms, are the key differentiators giving us a competitive advantage in all our business segments. We continue to invest in enhancing our quality management systems, developing products in our portfolio and manufacturing and research infrastructure to cater to our existing and new products pipeline.

Business Review

Small Molecules API and Generic Formulations

Our Small Molecules business is built on our unique strength in fermentation technology and entrenched presence in the chronic therapies. Our differentiated portfolio spans complex molecules ranging from cardiovascular and anti-obesity agents to immunosuppressants and narrow spectrum antibiotics. We will continue to invest in and grow our portfolio of differentiated Active Pharmaceutical Ingredients (APIs) which may have technical barriers to entry, e.g. complexity in manufacturing, potent compounds or a mix of both.

Over the years we have built a good track record with the leading regulatory agencies across the globe including FDA and EMA. Our global scale coupled with our good compliance record at our manufacturing facilities has made us a preferred global partner for APIs for our customers. By investing further in expanding capacities of our complex APIs and by investing in newer and complex molecules, we believe there is much promise for continued growth based on our selected portfolio.

Table 4: API Sample Portfolio –

Statins Basket	Simvastatin, Pravastatin, Atorvastatin, Rosuvastatin, & Fluvastatin
Immunosuppressant Basket	Tacrolimus, Sirolimus, Everolimus, Mycophenolate Mofetil & Mycophenolate Sodium
Other Key Products	Orlistat, Fidaxomicin

Currently, the API business contributes significantly to the Small Molecules business segment. , However, going forward, the growth in this segment will increasingly be driven by building on the generic formulations opportunity across global markets, notably United States.

A few years ago, we started developing generic formulations pipeline primarily focused on developed markets and targeting niche therapeutic areas such as oncology, diabetes, autoimmune diseases and immunology. The product pipeline was focused on leveraging in-house APIs to ensure supply reliability due to vertical integration in the chronic areas. Over the next five years, we aim to continue to leverage our strengths in fermentation technology and characterization techniques to build on this vertically integrated pipeline in the niche formulations space. 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.

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 5: Generic Formulations Sample Portfolio –

Molecule	Status
Rosuvastatin Calcium	Launched – United States & EU
Simvastatin	Launched – United States
Atorvastatin	Launched – United States
Fingolimod	Approved (United States)
Pemetrexed	Tentative Approval (United States)
Dapagliflozin	Tentative Approval (United States)

FY20 Highlights:

Geographic expansion into China: Biocon extended its footprint to China, the world's 2nd largest pharma market through a license and supply agreement with a subsidiary of China Medical System Holdings Limited (CMS) for three generic formulations products. This agreement will allow Biocon to take its US approved generic formulations to patients in China, allowing an early entry into the Chinese market. Biocon will be responsible for the development, manufacturing and supply of the products while CMS will be responsible for registration and commercialization. The total addressable market size for the three products in Mainland China is a little under $1 billion as per IQVIA data.

API capacity expansion: During FY20, we started work on a greenfield fermentation-based manufacturing facility in Visakhapatnam, Andhra Pradesh to cater to strong volume growth anticipated in the small molecules APIs business. This expansion will enable us to deliver on our vertically integrated strategy of developing and commercializing our own ANDAs and also service the needs of our global API customers. Expected investment in this capacity is roughly ₹ 600 Crores and the facility is expected to be operational over the next three years, followed by commercialization based on regulatory approvals in major markets.

DMF and API Filings: During the year under review, we filed new Drug Master Files (DMFs) and equivalent for multiple APIs, mostly in the regulated markets.

Regulatory compliance and recognition: At Biocon, we remain committed to global standards of Quality and Compliance and are proud of our track record. We had a number of key inspections during the financial year, including those conducted by the FDA.

Biocon's Oral Solid Dosage Manufacturing Facility completed a Pre-Approval Inspection (PAI) conducted by the FDA with no observations in January 2020. This fiscal, we also received approval from Medicines and Healthcare products Regulatory Agency (MHRA), United Kingdom for this facility as well.

On the API side, the FDA conducted a PAI and GMP inspection of the Small Molecules API Manufacturing Facility in January 2020. At the conclusion of the inspection of the Bengaluru facility, which took place between January 20 and January 24, 2020, the agency issued a Form 483, with five observations. We responded to the FDA with a Corrective and Preventive Action Plan (CAPA). In May 2020, the FDA issued an Establishment Information Report (EIR) for the same and closed the inspection.

Health Canada conducted a GMP inspection of our Small Molecules API Manufacturing Facility in January 2020. At the conclusion of the inspection, we received multiple observations. We responded to Health Canada with a Corrective and Preventive Action Plan (CAPA) and are working to address these observations expeditiously.

In February 2020, the FDA conducted a post-approval and GMP inspection of another Small Molecules API Manufacturing in Bengaluru and issued two observations on Form 483. Biocon responded to those observations. In March 2020, the FDA issued an Establishment Information Report (EIR) for the same and closed the inspection.

Apart from the FDA, our API manufacturing facility in Bengaluru successfully underwent an inspection by COFEPRIS, the Mexican health regulatory agency and reported zero observations and our Vishakhapatnam site was also inspected by KFDA, South Korea without any major observations.

Our Small Molecules APIs manufacturing facility in Hyderabad won the 'Annual Greentech Environment Award 2019' for 'Outstanding Achievements in Environment Management in the Pharmaceutical Sector'.

The API Manufacturing facility at Visakhapatnam was recognized for 'Outstanding Achievements in Safety Management' in the Pharmaceuticals sector during the Annual Greentech Safety Award' Program in New Delhi.

Performance of Small Molecules Segment in FY20 - Small molecules is the largest segment for our Company, contributing 32% of consolidated revenues from operations in FY20. Revenues were ₹ 20,937 mn in FY20, as compared to ₹ 17,728 mn in FY19, reflecting a growth of 18%. The performance in FY20 over the previous fiscal was driven by a strong performance of our generic formulations in the US on the back of consistent client acquisitions and increased market share for all our products. This was aided by API business performance driven by a better product mix and an overall better pricing environment over last fiscal.

Biologics (Biosimilars & Novel Biologics)

Biosimilars

Biocon's subsidiary Biocon Biologics India Limited is uniquely positioned as a fully integrated 'pure play' biosimilars organization in the world. It aims to be the 'Most Inspiring Global Leader in Biologics' delivering affordable access to innovative and inclusive healthcare solutions, transforming patient lives. It is engaged in developing high quality, affordable biosimilars that can expand access to a cutting-edge class of therapies to patients globally.

Biocon Biologics is an established and vertically integrated global biologics player that has invested ahead of peers in this exciting field. Over 40 years of experience in science and manufacturing at Biocon laid the foundation for Biocon Biologics. It entered this area over 15 years ago with focus and determination to take the path less travelled, which has enabled it to be an early mover in biosimilars.

Its rich pipeline of differentiated assets aims at serving unmet patient needs associated with non-communicable diseases in emerging as well as developed markets. Biocon Biologics' therapeutic focus is in developing molecules in the area of diabetes, oncology, immunology, dermatology, ophthalmology, neurology, rheumatology and inflammatory diseases. Five of the portfolio of molecules have been taken from lab to market, of which three of them having been commercialized in developed markets like EU, Australia, United States, Canada and Japan. Biocon Biologics' expects a steady stream of launches every year in these developed markets over the next few years. Biocon Biologics aims to touch touching 5 million patient lives by FY22 and cross a revenue milepost of US$1 billion.

Biocon Biologics' unique position as it aims to be the 'Most Inspiring Global Leader in Biologics' is highlighted in the few points in paragraphs below.

High barriers to entry: 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 over a billion dollars 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 in enhancing our manufacturing capacities. We are now building strong commercial, policy and access expertise to build differentiation and providing further credence to our unique position as a fully integrated 'pure

play' biosimilars organization in the world. We expect this to help us move closer to our aspiration of being the 'Most Inspiring Global Leader in Biologics', delivering affordable access to innovative and inclusive healthcare solutions, transforming patient lives.

Quality focus and global scale: 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. By nature, development of biosimilars requires quality focus and global scale to deliver these efficacious therapies across the world. Biocon Biologics has been an early mover in the development and commercialization of biosimilars and has become the leading player based out of India (based on number of US and EU biosimilar approvals) and in other key markets, like Brazil. Biocon Biologics would like to feature itself as a true global player. Its commitment to provide access to high quality, yet affordable, biosimilars to a global patient pool led it to develop the technology, critical mass and skillsets for producing these complex molecules at a time when there were few credible global players.

Focus on access: Improving patient access to high quality, affordable products in chronic conditions such as diabetes and oncology are core to Biocon Biologics' mission to be the 'Most Inspiring Global Leader in Biologics'. With its "Mission <10 cents" Biocon Biologics wants to enable equitable access to recombinant human insulin (rh-Insulin) by offering it at less than 10 US cents/day for low and middle-income countries to address the growing incidence of diabetes. Chairperson Kiran Mazumdar-Shaw announced this initiative on the side lines of the 74th Session of the United Nations General Assembly in September 2019 with the intention to improve access in geographies with high unmet need. The announcement has been very well received and Biocon Biologics is working now with various governments to deliver on this commitment.

Focus on digital: As part of its vision of 'Transforming healthcare, Transforming lives' and to become the "Most Inspiring Global Leader in Biologics", Biocon Biologics' initiatives include a huge emphasis on using digital innovation to deliver value to Patients, People, Partners and Business. These include shaping the digital healthcare ecosystem, leveraging cutting-edge technology across R&D to achieve scientific excellence, global scale manufacturing with AI/ML equipped systems to enable innovative delivery and archetype-based technology-driven operating models that will allow it to serve patients at the center of the income pyramid. While these are early days, work on such initiatives has started and should help Biocon Biologics to be able to continuously innovate and differentiate as a global leader in Biologics.

Strategic partnerships: To become the 'Most Inspiring Global Leader in Biologics' delivering affordable access to innovative and inclusive healthcare solutions, transforming patient lives required the company to have marquee partnerships with large global companies to help develop and make accessible its disruptive and differentiated portfolio of biosimilars consisting of 28 molecules across the globe. Of the 28 molecules in the pipeline, 11 are partnered with Mylan, a global generics major and, several partnered with Sandoz, the current global leader in biosimilars by revenue. These major partnerships are well supported with strategic tie ups with major local commercialization players in key emerging markets. The balance portfolio is being developed independently by Biocon Biologics while trying to maximise innovation.

Evolution of Development and Commercialization Models: Biocon Biologics has taken a step-wise approach to move up the accountability and capability curve with the ultimate goal of carrying independent global development and commercialization of biosimilars under the Biocon Biologics label in the years ahead. This will help the company to address the opportunity from the third wave of biosimilar patent expirations. Biocon Biologics is therefore also beginning to expand its presence in markets outside of India (including the US) in order to more closely collaborate with partners and to open opportunities for direct commercialization and to leverage digital technologies and innovative access models where appropriate. This unique position of Biocon Biologics should help it deliver affordable access to innovative and inclusive healthcare solutions, transforming patient lives in the years ahead.

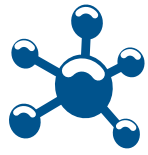
Several firsts to our credit in the area of biosimilars:

- 1st biosimilar Trastuzumab to be approved anywhere in the world developed and launched in India by Biocon Biologics (2014). With regulatory approvals secured in more than 75 countries globally, we are on our way to becoming a true global player.
- 1st company from India to launch a biosimilar in Japan: Insulin Glargine (2016). We have received more than 40 regulatory approvals for Glargine. The product has been launched in EU, Australia and several emerging markets.
- 1st company globally to get FDA approval for biosimilar Trastuzumab; 1st company from India to have a biosimilar approved in the U.S. (2017). Launched in U.S. in December 2019.
- 1st company from India to have a biosimilar commercialized in U.S.; 1st biosimilar Pegfilgrastim approved by FDA (2018)
- 1st Company from India to launch biosimilar Trastuzumab in Europe (2019)

- Ogivri™, co-developed by Biocon Biologics and Mylan, is the first trastuzumab biosimilar approved and launched in Australia as well as Canada.
- Semglee, co-developed by Biocon Biologics and Mylan, is the first Glargine biosimilar approved and launched in Australia

BIOCON BIOLOGICS' GLOBAL BIOSIMILAR PORTFOLIO

PIPELINE OF **28** MOLECULES



Biocon Biologics
Transforming Healthcare. Transforming Lives.

BIOCON BIOLOGICS is independently developing many biosimilar assets

Mylan®

With **MYLAN**, 11 biosimilars being co-developed for global markets

SANDOZ A Novartis Division

With **SANDOZ**, set of next-gen immunology, oncology biosimilars being co-developed for global markets

STATUS OF BIOCON BIOLOGICS-MYLAN PARTNERED PORTFOLIO (May 2020)

Biocon's strong development & manufacturing capabilities

+

Mylan's regulatory & commercial excellence

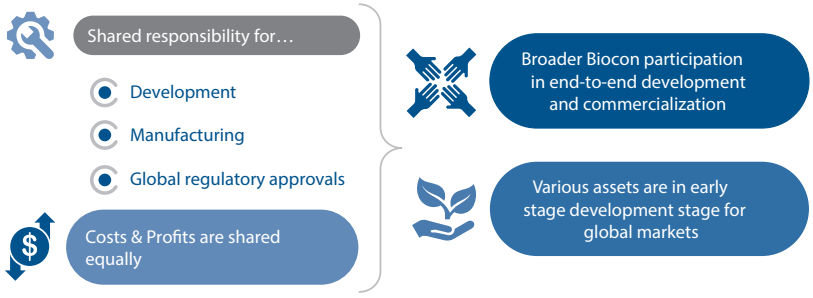
Cost and profit share model

THERAPEUTIC AREA	MOLECULE	STATUS		
		US	EU	MoW
Oncology	Trastuzumab			Launched in Australia, Canada & Emerging Markets.
	Pegfilgrastim			Approved in Canada and Australia
	Bevacizumab	Under Review	Under Review	Launched in India
	Filgrastim			-
	Pertuzumab			-
Diabetes	Glargine 100 IU/ml	Under Review		Launched in Australia, Japan* & Emerging Markets. Approved in New Zealand.
	Glargine 300 IU/ml			-
	Aspart	Mid CY20	Under Review	-
	Lispro			-
Autoimmune	Adalimumab**			-
	Etanercept**		+ CHMP opinion	-

Early Development/ Preclinical | Planned Submission/ Filed | Approved | Marketed

* Japan is outside of Mylan partnership, ** Partner Mylan has in-licensed product (Biocon benefits from economic interest)

BIOCON BIOLOGICS - SANDOZ EXCLUSIVE PARTNERSHIP



FY20 highlights: FY20 has been another great year for our biosimilars business. We launched products across markets, received and also filed for regulatory approvals across developed and most of the world markets. We also enhanced capacity for two of our major products and launched our 10 cents mission in human insulin.

Biosimilars: Highlights FY20

Product Launches: Ogivri™, biosimilar Trastuzumab, co-developed with Mylan was launched in the United States during FY20. Ogivri™ had already received approval in the United States in December'17, where it was the first biosimilar Trastuzumab to be approved. It is the second biosimilar from our partnered portfolio commercialized in the United States after Fulphila®, biosimilar Pegfilgrastim which was launched in FY19. Ogivri™ was also commercialized in Australia, Canada and additional EU markets by Mylan. It was launched in Europe towards the end of FY19. Through our biosimilar Trastuzumab, we continued to enhance access to a critical biologics therapy for cancer patients in several emerging markets as well.

Semglee®, our biosimilar Insulin Glargine co-developed with Mylan, was launched in Europe during FY19. During FY20, Mylan expanded access for Semglee® in more markets within Europe. The FDA conducted a pre-approval inspection (PAI) at our Malaysia facility in February'20 as part of the review process of our application for the US market. At the conclusion of this PAI, the agency issued a Form 483 with three observations which were procedural in nature. We responded to the observations within stipulated timelines and have received the Establishment Inspection Report (EIR) from the US FDA with a "VAI" (Voluntary Action Indicated) classification indicative of a successful closure. The closing of the Malaysia facility inspection is an important milepost in our journey of making available our Insulin Glargine product in the United States in the second half of CY'20.

Transition of insulins to be regulated as Biologics from March 23, 2020 – In the United States, although the majority of therapeutic biological products have been licensed under section 351 of the Public Health Service Act (PHS Act), some protein products (which also include insulins) historically have been approved under section 505 of the Federal Food, Drug, and Cosmetic Act (FD&C Act). As per the Biologics Price Competition and Innovation Act of 2009 (BPCI Act), insulins transitioned to be regulated as a Biologic from March 23, 2020. This transition would have caused problems for generic insulin developers who had filed their application for review but had not received their final approval before the transition date, including Biocon Biologics/ Mylan. However, a legislation was passed into law in December'19 mandating the FDA to continue review of pending insulin marketing authorization applications under section 505 of the Federal Food, Drug and Cosmetics Act even after the transition. As a result, the transition did not affect our application review by the FDA. The continued review is expected to help Biocon Biologics and Mylan enable access to Semglee® to patients in the United States at the earliest. With the target action date for our application in June'20, our partner Mylan expects to launch Semglee® in the United States in the second half of CY'20.

Mylan commercialized biosimilar Adalimumab (Brand name Hulio™, in-licensed from a third party - Fujifilm Kyowa Kirin Biologics) in FY19 in Europe in which Biocon Biologics receives economic benefit. It extended the commercial footprint of Hulio™ to additional markets in Europe during the year under review and Biocon Biologics benefitted from higher sales and market shares of Hulio™ across key markets. Mylan also extended the commercialization rights for Hulio™ from Europe to global markets and Biocon Biologics under the terms of its global partnership with Mylan for monoclonal antibodies, retains its economic interest in this expanded in-licensing arrangement, and will gain a share of profits from global markets.

Pipeline development updates: On the development front, our partner Mylan filed a Biologics License Application (BLA) for our proposed biosimilar Bevacizumab in the United States and a Marketing Authorization Application in Europe. In the United States, FDA has accepted Mylan's BLA for review under the 351(k) pathway. The FDA goal date set under the Biosimilar User Fee Act (BsUFA) is December 27, 2020. The European application has also been accepted and is under review.

Nepexto®, brand name of an etanercept biosimilar, in-licensed by partner Mylan from a third party (Lupin) for Europe and other markets, gained a positive opinion from the European Medicines Agency's Committee for Medicinal Products for Human Use (CHMP), recommending use of the product. Biocon Biologics retains its economic interest in this arrangement vis-a-vis Mylan in accordance with our existing collaboration agreement.

Our biosimilar Insulin Aspart program also continues to make progress with BLA filing in the United States expected in mid-CY'20. The Marketing Authorization Application has also been filed in the EU and the file is currently under review.

From our independent portfolio, we are developing recombinant human insulin for the US market which made good progress in Phase-I PK/PD clinical trials. The Phase I studies were successful and we expect the study reports to be available in the next few months, post which we expect to start Phase-III trials, for which advice is being sought from the FDA.

Biocon Biologics also in-licensed an early stage preclinical biosimilar asset from Just - Evotec Biologics, a subsidiary of Evotec SE and will develop, manufacture and commercialize the biosimilar under the Biocon Biologics label in global markets. Just - Evotec, received an undisclosed license fee and will receive milestone payments.

Capacity enhancements: Our investment strategy for manufacturing has been to build capacity in a modular manner, in-line with our projections of the market opportunity. This has allowed us to scale up capacity in response to higher-than-expected demand, even as we balance exposure to any underutilized capacity and costs in the early phase. We will continue to invest in expanding our manufacturing capacities to address volume growth on account of increased penetration of our products in developed and emerging markets and also to support new biosimilar pipeline development and launches.

In October'19, Biocon Biologics and Mylan received US FDA approval for the supplemental Biologics License Application for an additional production line to manufacture Ogivri™ 150 mg per vial drug product. The same manufacturing line is also certified by the EMA and significantly enhances our drug product capacity for supplying Trastuzumab to the US, EU and other markets. The approval follows a pre-approval inspection of Biocon Biologics' new drug product facility as what we refer to as the B2 biologics facility that was conducted in September'19.

In November'19, Biocon Biologics and Mylan's supplemental Biologics License Application (sBLA) for Pegfilgrastim drug substance to be manufactured at Biocon Biologics' new Biologics manufacturing facility was approved by the FDA. This approval enables Mylan and Biocon Biologics to scale up capacity multi-fold and address the growing market opportunities in the United States and other global markets for the product.

The first phase of our state-of-the-art, new 250,000 square feet Drug Substance facility for monoclonal antibodies at Biocon Park, Bengaluru has been commissioned in late FY20 and is undergoing qualification which will be followed by validation activities. Commercial operations from this new facility are expected to start late FY21 or early FY22. This facility once fully ready for commercialization will expand our capacities significantly and will enable us to address the growing patient needs across markets.

Expansion of R&D footprint: Biocon Biologics expanded its R&D footprint during the year by acquiring Pfizer Healthcare India Limited's R&D capital assets to set up a 60,000 square feet world-class integrated R&D facility at TICEL Bio Park in Chennai. The high end facility will enable Biocon Biologics to expand its R&D capability and fast forward the development of its biosimilars from lab to pilot scale. The facility, post qualification has the capacity to house over 200 scientists.

Value unlocking of the biosimilars business: An important development during the financial year was the investment of $75 million by Activ Pine LLP, an affiliate of True North Fund, in Biocon Biologics India Limited. This was a primary equity infusion for a 2.44% stake at an equity valuation of $3 billion and an enterprise valuation of $3.5 billion on a pre-money basis. Biocon Biologics will deploy the money towards CAPEX investments as well as on R&D. The investment validates Biocon Biologics'science, scale, scope, strategy and its current business and future prospects. It also reflects a high level of conviction in Biocon Biologics' status as a global frontrunner in biosimilars that is leveraging its large scale manufacturing capabilities to shift the access paradigm for these life-saving therapies.

Novel Biologics

The Novel Biologics portfolio has both in-house as well as partnered and in-licensed products targeting diabetes, immunology inflammation and oncology including immuno-oncology. Biocon's focus on innovation for global markets continues to be strengthened by directing efforts at increasing scientific depth and emphasis on bolstering 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 the development phase, 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 novel molecules to market and realize the full value of our innovations.

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 and monoclonal antibodies (mAbs),

BIOMAb EGFR® (Nimotuzumab) was India's first indigenously produced novel monoclonal antibody for the treatment of head and neck cancer, launched by Biocon in 2006.

We also launched ALZUMAb™ (Itolizumab), world's first novel anti-CD6 monoclonal antibody, in India, for psoriasis in 2013. It was the second novel biologic we had taken from 'lab to market' after Nimotuzumab.

We continue to pioneer development of novel molecules, a summary of which is given in the table below:

Table 6: Lead Novel R&D Assets

Disease Area	Asset	Status
Diabetes	Insulin Tregopil* First-in-Class Oral, Prandial Insulin	India Phase II in T2D completed, Phase Ib multiple ascending dose study in T1D patients initiated in Germany
Immuno-Oncology	EGFR mAb + TGFßRII* (FmAb2) (Tumor-Targeted Fusion mAb)	IND filed, received "study may proceed" advice from FDA
Inflammation	Itolizumab* (Novel, humanized CD6 Antibody)	U.S., CA, AUS and NZ rights out licensed to US based Equilluim, clinical trials ongoing in aGVHD. Uncontrolled asthma and lupus nephritis trials – patient recruitment paused due to COVID-19 pandemic.
	BVX20# Novel, humanized CD20 Antibody	Path to IND mapped out

* In - house program, # partnered with Vaccinex

In diabetes, Biocon's Insulin Tregopil, is a first-in-class oral prandial insulin molecule for post-prandial glycaemic control. A Phase II study in Type 2 diabetes patients in India was initiated in FY18. The India study has been completed and report on the outcome is being prepared. Based on encouraging safety and efficacy data highlighting effective control of 1 hour and 2 hour post prandial glucose (PPG) excursion across multiple studies, we plan to submit a marketing authorization application to DCGI, India's drug regulator. The marketing application is aimed at gaining approval for a limited indication to treat Type 2 diabetes (T2DM) patients who cannot adequately control their PPG excursion following meal intake. Additionally, for Type 1 diabetes (T1DM) patient population, a multiple ascending dose study, in partnership with the US based JDRF, a leading global organization funding Type 1 diabetes research and advocacy worldwide, has commenced in FY20 in Germany. The outcome from these studies in different diabetic patient populations will form the foundation of a broader global program envisioned for Insulin Tregopil.

Bicara Therapeutics: Biocon's Immuno-oncology program focusing on development of novel bi-functional fusion antibodies is housed in its wholly owned subsidiary Bicara Therapeutics, based out of Boston in the United States.

FmAb2, Bicara's lead program, which comprises EGFR and TGFß, is currently ready to initiate a Phase I study in the US and Canada. This bifunctional fusion antibody works on the concept of preferentially targeting the tumor micro-environment. We received "study may proceed" advice from the FDA to initiate a Phase I safety trial in the US following a successful Investigational New Drug (IND) application in late FY20. We are also using the fusion antibody platform to generate other novel bi-functional antibodies.

Out-licensing partnership with Equillium: Biocon is the first global company to biologically and clinically validate CD6 as a target for autoimmune diseases. In May 2017, Itolizumab, our novel humanized CD6 antibody was out licensed for the United States and Canada markets to US based biotechnology company Equillium. During the fiscal year under review, we expanded the scope of our licensing agreement with Equillium for Itolizumab, to include Australia and New Zealand. Itolizumab holds broad potential 'pipeline in a product' with multiple high-value indications applicable with three clinical studies underway across the globe in aGVHD, uncontrolled asthma and lupus nephritis.

Table 7: Summary of developments status EQ001 (Itolizumab):

Pulmonary		Phase I	Phase I b/ 2	Phase III
uncontrolled asthma	EQUIP Phase 1b uncontrolled moderate to severe asthma trial initiated June 2019 Initial data expected 2H 2020	Phase I b		
Transplant Science		**Phase I**	**Phase I b/ 2**	**Phase III**
aGVHD	EQUATE Phase 1b/2 aGVHD trial initiated March 2019 Data to inform further development in GVHD, e.g. GVHD prevention, cGVHD	Phase I b / 2		FDA Fast Track Orphan Drug Designation
Renal Disease		**Phase I**	**Phase I b/ 2**	**Phase III**
lupus nephritis	EQUALISE Phase 1b trial initiated September 2019 Data to inform development in lupus	Phase I b		FDA Fast Track

Note: aGVHD trial is actively recruiting patients. However, due to Covid-19 pandemic, the patient recruitment is paused for uncontrolled asthma and lupus nephritis.

To fund the clinical trials, Equillium raised US$65 mn in its maiden public offering, and listed on Nasdaq on October 12, 2018. Biocon holds a ~13.1% stake in Equillium, among other rights as part of the out licensing agreement.

Performance of Biologics Segment in FY20 – This year saw the biologics segment deliver an encouraging performance and once again being the strongest performing segment for Biocon, with revenues growing 29% over last year to ₹ 19,513 mn, representing 30% of consolidated revenues from operations. Growth was led by higher revenues from Pegfilgrastim in the United States and Trastuzumab in developed markets.

Strong revenue growth did not translate into improvement in segment profit margins as this was negated primarily by increased cost of operations with respect to remediation costs in Malaysia.

Branded Formulations (India and UAE)

Branded Formulations business segment comprises products sold under Biocon brand in the 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.

Branded Formulations India (BFI) – BFI is our flagship business because it represents our home country. Our primary focus is to serve patients and healthcare systems by delivering high quality biosimilars and medicines at an affordable price.

Despite many headwinds in FY20 our strategic products represented 70% of our sales. Although the overall business declined by 6% this was driven primarily by i) Significant downward pricing pressures, in our leading assets, and increased competition for both insulins and CANMAb™, our biosimilar trastuzumab in India ii) Supply issues related to the well-known challenges with the Malaysia plant also impacted the business and iii) In Q4 FY20 (Jan-March 2020), we were impacted by the COVID-19 situation but not as much as expected. Team BFI rose to the challenge to do everything to support its patients and everyday were innovating to partner with physicians to support patients and to innovate to ensure that patients that needed medicines received them. We even leveraged military cargo flights, rented cold chain trucks to ensure patient supply.

UAE – Our UAE is well diversified across a portfolio of products that include, biosimilars in-licensed second brands and branded generics. The business operates across therapy segments with key focus on cardiovascular, diabetes, gastrointestinal and respiratory therapy. Our top brands contributed to around 69% of sales.

FY20 was the first full year of sales post launch of our world's first biosimilar Trastuzumab Canhera™ in UAE. Within a span of a year Canhera™ has cornered a 30% volume market share in UAE retail market. Similarly, in FY20 our in-licensed second brands Jalra range and Imprida range have shown a substantial growth. With products like Jalra and Glaricon™, our diabetes franchise is ranked at 8th position in UAE diabetes market, clocking a 30% growth during the year under review.

While in FY20 volume for our branded generic products increased, this business faced strong headwinds as UAE Ministry of Health has effected a price revision across a range of our products. Overall there was a 40% price reduction across 60% of our product range. This resulted in a subdued performance for the business during the year under review.

Performance of Branded Formulations Segment in FY20 - In FY20, the Branded Formulations segment revenues declined 18% from ₹ 6,564 mn to ₹ 5,362 mn due to subdued growth in India and UAE. The UAE business continues to be impacted by re-pricing of branded generic products mandated by the Ministry of Health.

Research Services (Syngene)

Contract Research Organisations (CROs) undertake R&D activities on a contract basis for other organisations. Over the past decade, the contract research industry has witnessed rapid growth as companies increasingly outsource R&D activities to improve productivity and efficiency across their value chain.

The global CRO market is estimated to grow at a CAGR of over 7.6% during 2019 to 202 , to surpass $61 billion in terms of value by the end of this period[2]. Rising R&D investment, along with the increased focus on novel drug development for the treatment of cardiac diseases, cancers, neurological and infectious diseases, will be a major factor in driving the demand for CRO services.

Syngene was established in 1993 and is an innovation-led leading global contract research organization providing integrated research solutions spanning the discovery, development and manufacturing continuum for small and large molecules, antibody drug conjugates, and oligonucleotides.

Syngene operates in a range of collaboration models from long-term relationships and dedicated R&D centres to contracts based on number of scientists Full-Time Equivalent (FTE) and Fee-for-Service (FFS) arrangements. Clients can select any one – or a combination – of these models to deliver their R&D programs. It has three business divisions – Dedicated R&D Centre; Discovery Service, Development and Manufacturing Services.

FY20 highlights:

Dedicated Centres: Syngene operates four dedicated R&D centres for Bristol-Myers Squibb (BMS), Baxter Inc., Amgen Inc., and Herbalife. The long standing collaborations with these global leaders, extending between five and fifteen years, reflect the confidence Syngene has secured for its services. During the year, the Company achieved steady performance in its dedicated R&D Centres.

The Discovery Services division, comprising the scientific disciplines of chemistry, biology, safety assessment, and research informatics, delivered robust growth throughout the year as the result of contract renewals and expansion of partnerships with existing clients, as well as the onboarding of new clients. Several FFS-based collaborations moved to an FTE-based model, reflecting the maturing of these partnerships and affording additional value. In addition to expanding Syngene's presence in the human life sciences sector, the division saw growing demand from clients in other sectors, particularly animal health.

Robust integration of the core discovery-related disciplines, as well as enhanced collaboration with Development Services, has augmented Syngene's position as a service provider for fully-integrated therapeutic discovery. Syngene's range of capabilities and extensive drug discovery knowledge, spanning from early stages of target identification and validation, through to preclinical evaluation and preparation of drug substance and drug product for clinical testing, makes the Company a very attractive partner and offers opportunities to provide services to new customer groups such a start-ups, academia, venture capital, government and non-profit organizations.

A key highlight of the Discovery Services during the year was the opening of a state-of-the-art research and development centre in Hyderabad, India; a location that offers a strategic advantage due to its excellent infrastructure, good connectivity, and extensive scientific talent pool. With strong environmental credentials, the first phase of the centre will house 150 Discovery Chemistry scientists. It is equipped with an anytime, anywhere automated control system and electronic laboratory notebooks – an important step towards digitization.

A key scientific advance for the year was the extension of the company's cellular and gene therapy research capabilities into CAR-T therapy, an innovative and leading-edge approach to treating cancer. Several projects within Discovery Biology covering hypothesis-testing and validation of new biological targets, as well as the exploration of novel mechanisms related to CAR-T therapies, are underway.

The Development Services sub-division delivered steady performance during the year. New client projects were undertaken across the full range of services and multiple modalities. In particular, two new strategic collaborations in animal health increased the focus on that sector.

2 Source: https://www.globenewswire.com/news-release/2019/10/28/1936031/0/en/CRO-Market-value-to-cross-61-billion-by-2025-Global-Market-Insights-Inc.html

Notable scientific achievements during the year included the delivery of registration batches of multiple, modified-release tablet formulations of a drug that treats symptoms of multiple sclerosis for a Russian client — the result of a four-year collaboration. The Company also developed and validated a Human Papilloma Virus (HPV) assay, a test system increasingly being used for cervical cancer screening.

Manufacturing Services: The construction of the API manufacturing facility in Mangaluru, India, was completed on schedule and the facility will undergo qualification testing in the coming year. Once fully operational, it will allow the Company to offer commercial-scale manufacturing for small molecules.

For Biologics development and manufacturing, Syngene has invested in the latest R&D technology for large molecules and the Company's Biologics unit is an emerging capability. Two 2KL bioreactors were commissioned during the year, and a microbial manufacturing facility is being set up, strengthening the biologics manufacturing capacity. New client wins were recorded in the year to add to the expansion of renewal of contracts with existing clients. It also entered into contracts with leading industry players for the development of biologics in animal health.

Syngene has implemented a variety of initiatives to further improve its track record in the area of quality and compliance. Business specific quality manuals were introduced to enhance the focus on standards and industry regulations. Significant progress was made towards the total digitization of its Quality Management System. Digitization has brought in a high degree of visibility and control over operations and will be fully rolled out in FY21.

Syngene's commitment to complying with global quality and regulatory standards was reflected in the positive outcome of the inspections conducted at its facilities during the year. The Human Pharmacology Unit (HPU) and an analytical laboratory for general Good Manufacturing Practices (GMP) coverage successfully completed United States Food and Drug Administration (US FDA) inspections. The Company received approval from the Ministry of Health of the Russian Federation for compliance with current Russian GMP standards. The Company's viral testing facility received Good Laboratory Practice (GLP) certification from the National GLP Compliance Monitoring Authority (NGCMA), making it India's first and only GLP-certified viral clearance study service provider. Several client audits were also successfully completed, thereby reinforcing confidence in the Company's systems and processes.

Performance of Research Services Segment in FY20 - During the year under review, Syngene's revenues grew 10% to ₹ 20,119 mn. The performance was driven by a broad based growth across all business units, with improved traction in Discovery Services. Segment margins improved over last year driven by lower material costs and forex gain during the year.

Operational Performance

Overview of the financial performance of the Company is given on the next page, which forms part of the MDA.

Financial Performance - An Overview

Consolidated Balance Sheet

The following table highlights the Consolidated Balance Sheet as on March 31, 2020 (FY20) and March 31, 2019 (FY19)

All Figures in ₹ Million

Particulars	FY'20	FY'19	Change
Assets			
Non-current assets			
Tangible, intangible and right- of- use assets	81,671	63,699	28%
Investment in associates and a joint venture	142	431	(67)%
Financial assets	1,764	2,495	(29)%
Income- tax assets (net)	2,417	1,693	43%
Deferred tax assets (net)	3,680	3,247	13%
Other non-current assets	1,514	1,474	3%
	91,188	73,039	25%
Current assets			
Inventories	14,359	10,316	39%
Financial assets	35,496	36,424	(3)%
Other current assets	3,395	2,145	58%
	53,250	48,885	9%
Total	1,44,438	121,924	18%

All Figures in ₹ Million

Particulars	FY'20	FY'19	Change
Equity and Liabilities			
Equity			
Equity share capital	6,000	3,000	100%
Other equity	61,058	57,980	5%
Non-controlling interests	6,773	6,089	11%
	73,831	**67,069**	**10%**
Non-current liabilities			
Financial liabilities	19,877	15,757	26%
Provisions and other non-current liabilities	10,650	8,713	22%
	30,527	**24,470**	**25%**
Current liabilities			
Financial liabilities	32,795	24,651	33%
Income- tax liability (net)	1,279	1,238	3%
Provisions and other current liabilities	6,006	4,496	34%
	40,080	**30,385**	**32%**
Total	**1,44,438**	**1,21,924**	**18%**

Non-current assets

Non-current assets grew 25%, primarily due to additions in tangible assets and capitalization of product development expenses. Additions to tangible assets pertain primarily to Biologics facility, Research Services (Mangalore facility), and other manufacturing facilities. Decrease in Financial assets is due to fair value of investments in Equillium Inc. and mark to market loss on derivative instruments, primarily driven by Research Services.

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 5% in FY20, due to profit accumulation during the year.

Non-controlling interests

The profit attributable to minority shareholders increased 11% in FY20, attributable to accumulation of profits of current year.

Non-current liabilities

Non-current liabilities increased by 24% in FY20, primarily due to an increase in other financial liabilities and deferred revenue. During the year, Biocon Biologics India Limited had approved a primary investment from Activ Pine LLP ("Investor") for ₹ 5,363 mn that translates to a 2.44% minority stake for the Group. As per applicable Accounting Standards, this has been recorded as financial liability in the consolidated financial statements. Increase in deferred revenues is mainly from Biosimilars, which is partially offset by repayment of long term borrowings in Biologics and Research services.

Working capital (current assets less current liabilities)

Working capital as at March 31, 2020 stood at ₹ 13,170 mn, down by 29% as compared to FY19 due to an increase in current maturities of long term borrowings, short term borrowing,advance from customers, and payables for capital goods offset by an increase in inventory. Borrowings are primarily in Biologics and Research Service businesses.

Debt equity

Total debt as at March 31, 2020 stood at ₹ 24,923 mn and the debt equity ratio stood at 0.37. No material changes that may affect the financial position of the Group, have occurred after the close of the year, until 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, 2020 (FY20) and March 31, 2019 (FY19)

All Figures in ₹ Million

Particulars	FY'20	FY'19	Change
Total revenue	65,286	56,588	15%
Expenses			
Cost of materials consumed	20,522	18,966	8%
Employee benefit expense	13,279	10,617	25%
Finance costs	649	709	(8)%
Depreciation and amortization expense	5,522	4,478	23%
R&D expenses, net of recovery from co-development partners	4,392	2,899	52%
Other expenses	9,448	8,725	8%
Total expenses	**53,812**	**46,394**	**16%**
Share of profit of joint venture and associate (net)	(289)	9	(3,311)%
Profit before tax and exceptional item	**11,185**	**10,203**	**10%**
Exceptional item	675	1,946	(65)%
Profit before tax	**11,860**	**12,149**	**(2)%**
Tax expense	2,495	1,939	28%
Tax on exceptional item	656	184	259%
Profit for the year	**8,709**	**10,026**	**(13)%**
Non-controlling interest	1,227	973	26%
Profit attributable to shareholders of the Company	**7,482**	**9,053**	**(17)%**
Other comprehensive income attributable to shareholders	(1,314)	(552)	138%
Total comprehensive income attributable to shareholders of the Company	**6,168**	**8,501**	**(27)%**

Revenue

During the year under review, revenues grew by 15% on a consolidated basis from ₹ 56,588 mn to ₹ 65,286 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 grew by 29% primarily due to higher revenues from Pegfilgrastim and the launch of biosimilar Trastuzumab in the developed markets. Branded Formulations segment contracted 18% due to subdued growth in India and UAE. The UAE business continues to be impacted by re-pricing of branded generic products mandated by the Ministry of Health, while Contract Research segment (Syngene) turnover grew 10% driven by discovery services and development centers.

The Total Revenue composition for FY20 and FY19 is detailed below:

Table 3

Particulars	FY20		FY19	
	(₹ mn)	(%)	(₹ mn)	(%)
Small Molecules	20,937	32	17,728	31
Biologics	19,513	30	15,169	27
Branded Formulations	5,362	8	6,564	12
Research Services	20,119	31	18,256	32
Less:- Inter-segment revenue	(2,259)	(3)	(2,573)	(5)
Revenue from operations	**63,672**		**55,144**	
Other income	1,614	2	1,444	3
Total income	**65,286**		**56,588**	

Cost of materials consumed

Material costs for the year comprised of raw materials, packing materials, traded goods and change in inventories. In FY20, material costs, as a percentage of revenue from operations ex-licensing, decreased by ~3% as compared to FY19.

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 FY20, driven by growth in business and annual increments.

Research and development expenses

The net R&D expenditure for FY20 increased 52% to ₹ 4,394 mn (₹ 2,899 mn in FY19). Total spend was at ~10% (8% on FY19) of revenue ex-Syngene. We capitalized ₹ 877 mn, taking gross R&D spend to ₹5,271 mn for the year compared to ₹ 4,796 mn in FY19. 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 23% to ₹ 5,522 mn from ₹ 4,478 mn in FY19, primarily due to amortization of intangibles capitalized during the year in Biologics and commissioning of new facilities in Syngene.

Finance costs

The finance cost for FY20 at ₹ 649 mn (₹ 709 mn in FY19), primarily comprises interest cost on borrowings for Biologics and Research Services business The decrease is due to repayment of long-term borrowings

Tax expenses

Effective tax rate (ETR) for the year before exceptional item was 22% (19% in FY19). Lower effective tax rate in FY19 was primarily due to one-time benefit of carry-forward losses in BUK.

Exceptional items (net)

The Exceptional items during the year (FY'20) comprised the following:

1. Pursuant to the claims in relation to the fire incident on December 12, 2016 at Syngene, receivable and the disbursements from the insurance claim has been presented on a net basis as ₹ 713 mn under Exceptional items in the financial statements.
2. During the year, the Company entered into a License Agreement with Bicara granting license to develop, manufacture and commercialize fusion proteins. This sale resulted in a gain of ₹ 550 mn that has been recorded as an exceptional income in the standalone financial results of the Company. Related tax is included within tax expense in the standalone and consolidated financial statements.
3. During the year, the Company sold its investment in the equity shares of Biocon Biologics Limited, United Kingdom (BUK) to Biocon Biologics India Limited for a consideration of ₹ 10,810 mn and received dividend of ₹ 456 mn from BUK. Gain arising from such sale of equity shares, including dividend income have been included as an exceptional item in the standalone financial results. Related tax is included within tax expense in the standalone and consolidated financial statements.

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 FY'20 as compared to the previous year and loss on fair value of investment in equity of Equillium.

Key financial ratios

Particulars	FY20	FY19	Change
Debtors turnover	4.91	3.83	28%
Inventory turnover	2.35	2.87	(18)%
Interest coverage ratio	25.88	20.06	29%
Current ratio	1.33	1.61	(17)%
Debt equity ratio	0.37	0.39	(6)%
Operating profit margin (%) #	18%	18%	–
Net profit margin (%)*	11%	13%	(11)%
Return on net worth^	12%	13%	(13)%

 # Operating margin is defined as profit before taxes and interest

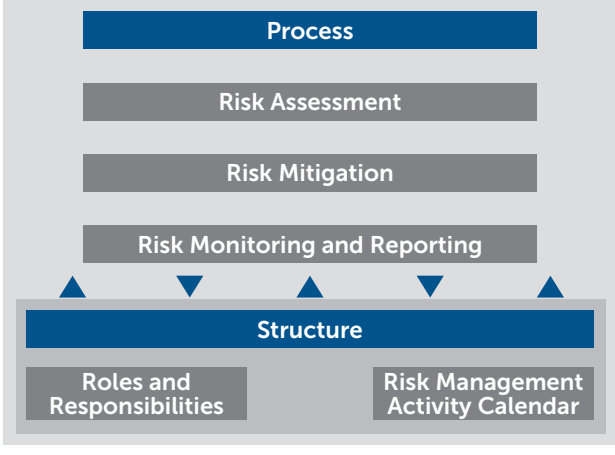
** Net Profit before exceptional income and tax thereon*

^ Net Profit before exceptional income and tax thereon as a percentage of equity

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/ pandemic 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, which poses additional challenges. 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, government notifications and regulations, and pursuing its core organizational values. Our established risk management framework addresses financial, operational, strategic, regulatory/ statutory, reputational, political, catastrophic/ pandemic 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 inability to address the regulatory queries on various filings made, 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 or pandemics, 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.

Note on COVID-19 related risks

During these unprecedented times, pharma companies are required to respond to the challenges or risks arising due to COVID-19 pandemic. If the current COVID-19 pandemic lasts for a medium/long span of time, it can potentially have a negative impact on operations resulting from reasons such as extended lockdown impacting manufacturing and R&D operations, forced shutdown in case our employees contact the disease, restrictions of inter-state and international logistics, non-availability of materials from China or other countries, inability to generate demands from our customers due to significantly reduced business development

activities, challenges in adhering to the good manufacturing practices due to skeletal staff as well as delay on projects/programs not related to the core supply chain operations. Potential for critical data loss/ cyber-attacks also have increased, considering remote working option adopted by most of the companies. While Pharma industry is considered as essential services and allowed to have minimal number of personnel continue the operations, it is imperative to adhere to all precautionary measures to ensure safety of the employees attending operations and avoid any contamination. While the full impact of the global pandemic is still unknown, pharma companies need to respond, recover and thrive.

At Biocon, an assessment of risks triggered due to COVID-19 pandemic was carried out and critical levers to support enterprise resilience were identified. These included focus on overall people safety, transparent communication, focus on continued critical operations such as procurement, production, sales and disposal of waste, focus on compliance and governance, relooking at cash and liquidity management in the changing circumstances and prioritization/ rationalization of spends. Furthermore, remote working and cyber security, safe plant operations, impact assessment on R&D, and availability of insurance coverage and contract liabilities were evaluated. Key mitigation actions were put in place to support implementation of business continuity plans and continued safe operations.

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 Audit 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

The new financial year comes with a new set of challenges in the midst of the ongoing COVID-19 pandemic. However, we are confident of emerging from the current situation stronger and more determined than ever to deliver on our commitments to our partners and patients. While uncertainties remain, the Biologics segment will continue to lead overall revenue growth on a consolidated basis with steady growth expected from both Small Molecules as well as Research Services. Biologics segment is expect to deliver strong growth in FY21 and remains steadfast in achieving its aspirational revenue guidance on $1 bn by FY22.

Corporate **Governance Report**

I. Company's philosophy on Code of Governance

The corporate governance philosophy at Biocon Limited ("Biocon" or "the Company") believes in and adheres to good corporate practices, implements policies and guidelines and develops a culture 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.

Our legacy of deep commitment to compassion and care for patients resonates throughout the organisation. Our vision of enhancing global healthcare through innovative and affordable biopharmaceuticals for patients, partners and healthcare systems across the globe guides our organisational decisions and anchors our every action. 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.

Biocon also believes that sound corporate governance is critical to enhance and retain investor trust. Hence our 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 all its stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company.

Biocon's focus is not only to ensure compliance with the requirements as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time, regarding corporate governance, but is also committed to sound corporate governance principles and practice and constantly strives to adopt emerging best corporate governance practices being followed worldwide.

A report on compliance with corporate governance principles as prescribed under Regulation 17 to 27 read with Schedule V of SEBI Listing Regulations, as applicable, is given below.

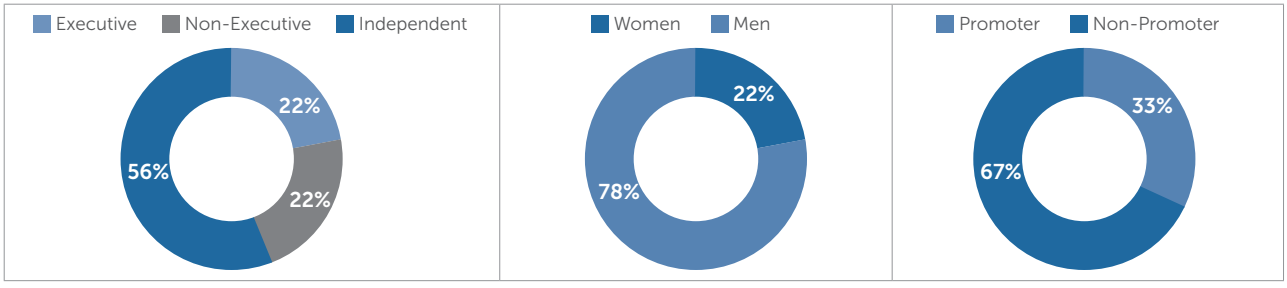
II. Board of Directors

In order to have a robust governance, we have a multi-tiered governance structure with defined roles and responsibilities of every constituent of the system. The Board of Directors ('the Board') is the apex body constituted by the shareholders to oversee the company's overall functioning. The Board is responsible for providing strategic supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company's affairs.

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 exercising reasonable business judgement on the affairs of the Company.

Composition of the Board

Our Board represents an appropriate mix of Executive Directors ('EDs'), Non-Executive Directors ('NEDs') and Independent Directors ('ID'), which is compliant with the Companies Act, 2013 ('the Act'), the SEBI Listing Regulations and is also aligned with the best practices of Corporate Governance.



As on March 31, 2020, the Board of Directors comprised of nine members including two women members, consisting of two EDs, two NEDs, and five IDs. The Board periodically evaluates the need for change in its composition and size. Detailed profile of our Directors is available on our website at www.biocon.com.

None of the Directors serve as a Director in more than seven listed companies. Further, none of the Directors serves as an ID in more than seven listed companies or three listed companies in case he/she serves as an ED in any listed 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. Further, none of our IDs serve as Non-Independent Director of any company on the board of which any of our Non-Independent Director is an ID. Ms. Mary Harney is an Independent Woman Director on the Board of Directors of the Company.

Ms. Kiran Mazumdar-Shaw was the Chairperson and Managing Director of the Company until March 31, 2020. With effect from April 1, 2020, she assumed the role of an Executive Chairperson of the Company. Prof. Ravi Mazumdar and Mr. John Shaw are Non-Executive Directors of the Company.

During the financial year under review, Mr. Siddharth Mittal, was elevated to the position of Chief Executive Officer ('CEO') and Joint Managing Director of the Company with effect from December 1, 2019 for a period of five years. However, with effect from April 1, 2020, he is Managing Director and CEO of the Company.

During the financial year under review, Mr. Russell Walls, an Independent Director, who had attained the age of 75 years, stepped down as an Independent Director at the conclusion of 41st AGM of the Company held on July 26, 2019. Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director of the Company, retired on November 30, 2019, after spending three decades with the Company.

Dr. Jeremy M Levin, an Independent Director resigned from the Board with effect from January 23, 2020, owing to his expanding commitments in the United States, which had restricted his bandwidth to attend meetings at Biocon. He also confirmed that there was no other material reason other than the reason stated for his decision to resign from the Board of Biocon Limited. The Board expressed its gratitude for the outstanding contribution by Mr. Russell Walls, Dr. Arun Suresh Chandavarkar and Dr. Jeremy M Levin throughout their tenure at Biocon.

The other five Directors of the Company, as detailed in the following table titled 'Composition of the Board', are Independent Directors.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management and also they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have also submitted their declaration under compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, which mandated the inclusion of an Independent Director's name in the data bank of Indian Institute of Corporate Affairs ("IICA") for a period of one year or five years or life time till they continue to hold the office of an independent director.

The statutory details of the directors, including the directorships held by them in other listed companies and their committee memberships/chairmanships in other public companies, are listed in the table below.

Name of the Director	Category	Directors Identification Number	Total Number of Directorships, Committee Chairpersonships and Memberships of Public Limited Companies*, as on March 31, 2020			Name of Indian Listed Entities Including Biocon Limited	Category of Directorship
			Directorships$	Committee Chairpersonships^	Committee Memberships		
Executive Directors							
Ms. Kiran Mazumdar-Shaw#	Promoter & Executive	00347229	8	–	1	Biocon Limited	Chairperson and Managing Director*
						Syngene International Limited	Chairperson and Managing Director*
						Infosys Limited	Independent, Non-Executive
						Narayana Hrudayalaya Limited	Non-Executive
						United Breweries Limited	Independent, Non-Executive
Mr. Siddharth Mittal	Executive	03230757	3	–	–	Biocon Limited	CEO and Joint Managing Director*
Non-Executive Directors							
Mr. John Shaw#	Promoter & Non-Executive	00347250	4	–	1	Biocon Limited	Non-Executive
						Syngene International Limited	Non-Executive
Prof. Ravi Mazumdar#	Promoter & Non-Executive	00109213	1	–	1	Biocon Limited	Non-Executive
Independent Directors							
Mr. Daniel Mark Bradbury	Independent	06599933	2	1	2	Biocon Limited	Independent, Non-Executive
Ms. Mary Harney	Independent	05321964	1	–	–	Biocon Limited	Independent, Non-Executive
Dr. Vijay Kumar Kuchroo	Independent	07071727	2	–	–	Biocon Limited	Independent, Non-Executive
						Syngene International Limited	Independent, Non-Executive
Mr. Meleveetil Damodaran	Independent	02106990	9	3	5	Biocon Limited	Independent, Non-Executive
						InterGlobe Aviation Limited	Independent, Non-Executive
						Hero MotoCorp Limited	Independent, Non-Executive
						CRISIL Limited	Independent, Non-Executive
						Larsen & Toubro Limited	Independent, Non-Executive
						Tech Mahindra Limited	Independent, Non-Executive
Mr. Bobby Parikh	Independent	00019437	6	2	4	Biocon Limited	Independent, Non-Executive
						Indostar Capital Finance Limited	Independent, Non-Executive

Note:

* Ms. Kiran Mazumdar-Shaw is an Executive Chairperson of Biocon Limited and Non-Executive Chairperson of Syngene International Limited effective from April 1, 2020 and Mr. Siddharth Mittal is Managing Director and CEO of Biocon Limited effective from April 1, 2020.

$ Includes Additional Directorships and Directorship in Biocon Limited.

^ As required under Regulation 26(1)(b) of the SEBI Listing Regulations, Committees considered are Audit Committee and Stakeholders Relationship Committee, including that of Biocon Limited.

\# Ms. Kiran Mazumdar-Shaw is the spouse of Mr. John Shaw and sister of Prof. Ravi Mazumdar.

A. Board Membership Criteria and Selection Process

The responsibility for identifying and evaluating a suitable candidate for the Board is delegated to the Nomination and Remuneration Committee ("NRC"). While selecting a candidate, the NRC reviews and evaluates the Board's composition and diversity to ensure that the Board and its committees have the appropriate mix of skills, experience, independence and knowledge for continued effectiveness. For the Board, diversity comprehends plurality in perspective, experience, education, background, ethnicity, nationality, age, gender and other personal attributes.

The candidate is, inter alia, screened based on the above attributes extending to professional experience and functional expertise. 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.

B. Board Procedure

The Board and committee meetings are pre-scheduled based on the availability of the Director(s), and an annual calendar of the meetings is circulated to them well in advance to facilitate planning of their schedule and ensure participation in the meetings. However, in case of urgent matters, subject to regulatory conditions, the Board's approval is taken by passing resolutions by circulation. The Board meets at least once in a quarter to review and approve the quarterly financial results/statements and other agenda items. The Committees of the Board usually meet prior on the same day of the Board meeting. The recommendations of the Committees are placed before the Board for necessary approval/noting.

A detailed agenda is sent to each Director at least 7 days in advance of the 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. The agenda of the Board and Committee meetings is circulated electronically through a secured IT platform.

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. To enable the Board to discharge its responsibilities effectively, the Chairperson provides an overview of the overall performance of the Company at the meeting of the Board of directors. The Board also reviews major legal issues, minutes of meetings 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 agreements, 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 and the information as required under Regulation 17(7) read with Schedule II Part A of the Listing Regulations, as amended, is made available to the Board.

At the Board and Committee Meetings, apart from Board Members and the Company Secretary, the management team may be invited to present the Company's performance in key areas such as the major business segments and their operations, subsidiaries and key functions.

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 15 days of its 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.

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:

S. No.	Date of Board Meeting	Total Number of directors associated as on the date of meeting	Attendance	
			Number of Directors attended	% of Attendance
1.	April 1, 2019	11	9	82
2.	April 25, 2019	11	11	100
3.	June 17, 2019	11	9	82
4.	July 25, 2019	11	10	91
5.	October 23, 2019	10	8	80
6.	January 23, 2020	10	10	100

The Board met at least once in every calendar quarter and the gap between two meetings did not exceed one hundred and twenty days. The 41st Annual General Meeting of the Company was held on July 26, 2019.

The attendance of the Directors at these meetings is mentioned in the table below:

Name of the Director	No. of Board Meetings which director was entitled to attend	No. of Board Meetings Attended	% of Attendance	Attendance at the 41st AGM
Ms. Kiran Mazumdar-Shaw	6	6	100	Yes
Mr. John Shaw	6	5	83	Yes
Mr. Siddharth Mittal*	1	1	100	NA
Prof. Ravi Rasendra Mazumdar	6	6	100	Yes
Mr. Daniel Mark Bradbury	6	5	83	No
Ms. Mary Harney	6	6	100	Yes
Dr. Vijay Kumar Kuchroo	6	4	67	Yes
Mr. Meleveetil Damodaran	6	5	83	Yes
Mr. Bobby Parikh	6	6	100	Yes
Dr. Arun Suresh Chandavarkar*	5	5	100	Yes
Dr. Jeremy M Levin*	6	6	100	No
Mr. Russell Walls*	4	2	50	No

* During the financial year under review, there were changes as mentioned below in the constitution of the Board.

- During the financial year under review, Mr. Russell Walls, an Independent Director, who had attained the age of 75 years, step down as an Independent Director from the conclusion of 41st AGM of the Company held on July 26, 2019.
- Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director on the Board, had retired on November 30, 2019.
- Mr. Siddharth Mittal was elevated to the position of Chief Executive Officer & Joint Managing Director with effect from December 1, 2019.
- Dr. Jeremy M Levin, an Independent Director had resigned with effect from January 23,2020.

D. Shareholding of Non-Executive Directors

None of the Non-Executive Directors, including Independent Directors, hold any equity share of the Company except Mr. John Shaw and Prof. Ravi Mazumdar, being promoters, holds 84,45,348 and 48,15,084 equity shares respectively.

E. Meeting of the Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, the Independent Directors of your Company met once on April 25, 2019 without the presence of Non-Independent Directors and Members of the management and discussed matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors, assessed 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 Directors

The familiarisation programme for our Directors is customised to suit their individual interests and area of expertise.

During the financial year under review, the Independent Directors were apprised at frequent intervals on the industry trends, an overview of the Company's business model, strategy, products, market, risk management, group structure and its subsidiaries, 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 on Insider Trading Regulations, SEBI Listing Regulations, framework for Related Party Transactions etc. were also made to the Board Members during the year. The Directors were encouraged to visit the plant locations of the Company and interact with members of Senior Management as part of the induction programme.

The Company's familiarization policy and the details of programs attended, and hours spent by Independent Directors during the financial year 2019-20 is available on the Company's website www.biocon.com.

G. Key expertise and attributes of the Board of Directors

The Board of Directors of the Company comprises of qualified personnel who possess relevant skills, expertise and competence for the effective functioning of the Company. In compliance with the SEBI Listing Regulations, the Board has identified the following skills / expertise / competencies fundamental for the effective functioning of the Company which are taken into consideration by the Nomination and Remuneration Committee while recommending appointment of any candidate to the Board of the Company.

Based on the above-mentioned skill matrix, the skills which are currently available with the Board have been mapped below:

Board of Directors	Research & Innovation	General Management	Finance & Risk Management	Corporate Governance & Compliance	Global healthcare	Technology & digital perspective	Scientific knowledge
Ms. Kiran Mazumdar-Shaw	●	●					●
Mr. John Shaw		●	●	●	●	●	
Mr. Siddharth Mittal	●	●	●	●	●	●	
Prof. Ravi Mazumdar	●		●			●	
Ms. Mary Harney	●			●	●		
Mr. Daniel Mark Bradbury	●	●	●	●			
Dr. Vijay Kumar Kuchroo	●					●	●
Mr. Meleveetil Damodaran		●	●	●			
Mr. Bobby Parikh		●	●	●			

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 its approval. The Company's guidelines relating to Board Meetings are also applicable to committee meetings as far as is 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 Committee

B. Risk Management Committee

C. Stakeholders Relationship Committee

D. Corporate Social Responsibility Committee

E. Nomination and Remuneration Committee

A. Audit Committee

I. Brief description of terms of reference

The Company has constituted a qualified independent Audit Committee ("AC") which acts as a link between the management, external and internal auditors and the Board of Directors of the Company. The Committee is responsible for effective supervision of the Company's financial reporting process by providing direction to the audit function, monitoring the scope and quality of internal and statutory audits and ensuring accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Audit Committee considers the matters which are specifically referred to it by the Board of Directors besides considering the mandatory requirements of the Regulation 18 read with Part C of Schedule II of SEBI Listing Regulations and provisions of Section 177 of the Companies Act, 2013. The brief description of the terms of reference of the Committee is given below.

The responsibilities of the committee include review of the quarterly, half-yearly and annual financial statements before submission to Board, review of compliance of internal control system, oversight of the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements, etc. The Committee also reviews the adequacy and effectiveness of internal audit function and control systems. The committee meets at least once in a calendar quarter.

During the financial year under review, six meetings of the Audit Committee were held. The dates of the Meetings were April 01, 2019, April 25, 2019, June 17, 2019, July 25, 2019, October 23, 2019 and January 23, 2020.

II. The composition of the Committee and attendance details:

The composition of the Committee and attendance details of the members for the year ended March 31, 2020 are given below:

S. No.	Name of Members	Category	Position	No. of Meetings which director was entitled to Attend	No. of Meeting attended	% of Attendance
1	Mr. Bobby Parikh*	ID	Chairperson	6	5	83
2	Mr. Daniel Mark Bradbury	ID	Member	6	5	83
3	Mr. Meleveetil Damodaran	ID	Member	6	5	83
4	Mr. Russell Walls*	ID	Chairperson	4	2	50
5	Dr. Jeremy M Levin*	ID	Member	6	6	100

ID - Independent Director

* During the financial year under review, there were changes as mentioned below in the constitution of the Committee.

- Mr. Russell Walls, Chairperson and Dr. Jeremy M Levin, Member had stepped down as director on the Board with effect from July 26, 2019 and January 23, 2020 respectively. With this, Mr. Russell Walls ceased to be the Chairperson and Dr. Jeremy M Levin as Member of the Committee.
- Mr. Bobby Parikh was appointed as Chairperson of the Committee effective from July 26, 2019.

The members of the Committee possess sound knowledge of accounts, finance, audit, governance and legal matters.

Senior staff from the Accounts/Finance Department and representatives of the Statutory and Internal Auditors attend all Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee. Mr. Russell Walls, erstwhile chairman of the Audit Committee, had authorized Mr. Bobby Parikh to represent him at the 41st Annual General Meeting of the Company held on July 26, 2019.

The Committee, 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 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 has overall responsibility for monitoring and approving the enterprise risk management framework and is capable of effectively addressing and monitoring these risks. The Committee also approves and oversees a Company-wide risk management framework, capable of effectively addressing these risks.

The terms of reference of the RMC are in line with the provisions of the Companies Act, 2013 and Regulation 21 of the SEBI Listing Regulations.

During the financial year under review, four Meetings were held. The dates of the Meetings were, April 25, 2019, July 25, 2019, October 23, 2019 and January 23, 2020.

I. The composition of the Committee and attendance details:

The composition of the Committee and attendance details of the members for the year ended March 31, 2020 are given below:

S. No.	Name of Members	Category	Position	No. of Meetings which director was entitled to attend	No. of Meeting attended	% of Attendance
1	Mr. Bobby Parikh*	ID	Chairperson	4	3	75
2	Mr. Daniel Mark Bradbury	ID	Member	4	3	75
3	Mr. Meleveetil Damodaran	ID	Member	4	2	50
4	Ms. Kiran Mazumdar-Shaw	ED	Member	4	4	100
5	Mr. Siddharth Mittal*	ED	Member	1	1	100
6	Mr. Russell Walls*	ID	Chairperson	2	2	100
7	Dr. Jeremy M Levin*	ID	Member	4	4	100
8	Dr. Arun Suresh Chandavarkar *	ED	Member	3	3	100

ID - Independent Director; ED - Executive Director

* During the financial year, there were changes as mentioned below in the constitution of the Committee.

- Mr. Russell Walls, Chairperson and Dr. Jeremy M Levin, Member had stepped down as director on the Board with effect from July 26, 2019 and January 23, 2020 respectively. With this, Mr. Russell Walls ceased to be the Chairperson and Dr. Jeremy M Levin as Member of the Committee.
- Mr. Bobby Parikh was appointed as Chairperson of the Committee effective from July 26, 2019.
- Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director on the Board, had retired on November 30, 2019.With this he ceased to be member of the Committee
- Mr. Siddharth Mittal was appointed as member to the Risk Management Committee with effect from December 1, 2019.

C. Stakeholders Relationship Committee

I. Brief Description of the terms of reference

The Company has constituted a Stakeholders' Relationship Committee ("SRC") pursuant to the provisions of Regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. The SRC is primarily responsible for redressal the grievances of shareholders / investors / other security holders including complaints related to transfer or transmission of shares, non-receipt of dividends, annual reports and such other grievances as may be raised by the security holders from time to time.

The Committee also reviews:

- Measures taken to ensure the effective exercise of voting rights by the shareholders/investors;
- Measures and initiatives taken to reduce the quantum of unclaimed dividends and ensure timely receipt of dividend/annual report/ notices and other information by Shareholders;
- Service standards adopted by the Company in respect of services rendered by our Registrars and Share Transfer Agent;

During the financial year under review, the Committee met four times. The dates of the Meetings were, April 25, 2019, July 25, 2019, October 23, 2019 and January 23, 2020.

II. The composition of the Committee and attendance details:

The composition of the Committee and attendance details of the members for the year ended March 31, 2020 are given below:

S. No.	Name of Members	Category	Position	No. of Meetings which director was entitled to attend	No. of Meeting attended	% of Attendance
1	Mr. Daniel Mark Bradbury	ID	Chairperson	4	3	75
2	Mr. Bobby Parikh	ID	Member	4	3	75
3	Prof. Ravi Mazumdar	NED	Member	4	4	100
4	Mr. Russell Walls*	ID	Member	2	2	100

ID - Independent Director; NED – Non-Executive Director

*During the financial year under review, there was change as mentioned below in the constitution of the Committee.

Mr. Russell Walls, Independent Director on the Board, had stepped down effective from July 26, 2019.

Mr. Siddharth Mittal, Chief Financial Officer was interim Compliance Officer of the Company up to July 25, 2019. Subsequently, Mr. Mayank Verma was appointed as the Company Secretary and Compliance Officer, with effect from July 25, 2019.

During the financial year under review, the table below encompasses the details of the complaints and requests received and disposed off during the year ended March 31, 2020.

Particulars	Complaints	Requests
Opening Balance at the beginning of the year	–	–
Received during the year	133	400
Disposed during the year	133	400
Closing balance at the end of the year	–	–

The quarterly statement on investor complaints received and disposed of 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.

Further, with regards to the unclaimed dividend, the company has sent out reminders to their shareholders to claim their unpaid dividends before the funds are transferred to Investor Education and Protection Fund.

D. Corporate Social Responsibility Committee

I. Brief description of terms of reference

The Company's contributions and initiatives towards social welfare and environment sustainability have been integral to its business. The Company shall continue to pursue Corporate Social Responsibility activities (hereinafter referred to as "CSR") as one of its fundamental priorities. CSR activities of the Company shall continuously evolve for a long-term sustainability of business, society and environment at large. CSR shall further align and integrate social wellbeing, economic growth and environmental sustainability with the Company's core values, operations and growth

The terms of reference of the CSR Committee are in line with the provisions of Section 135 of the Companies Act, 2013.

The primary responsibility of the Committee 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.

The CSR Policy caters to the following parameters and ensures compliance with the provisions of Companies Act, 2013:

a) Areas of CSR activity (as per 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).

During the financial year under review, the Committee met three times on April 25, 2019, July 25, 2019 and January 23, 2020.

II. The composition of the Committee and attendance details:

The composition of the Committee and attendance details of the members for the year ended March 31, 2020 are given below:

S. No.	Name of Members	Category	Position	No. of Meetings which director was entitled to attend	No. of Meeting attended	% of Attendance
1	Ms. Mary Harney	ID	Chairperson	3	3	100
2	Dr. Vijay Kumar Kuchroo	ID	Member	3	3	100
3	Prof. Ravi Mazumdar	NED	Member	3	3	100

ID - Independent Director; NED – Non-Executive Director

E. Nomination and Remuneration Committee

I. Brief description of terms of reference

The Company has a Nomination and Remuneration Committee ("NRC") constituted pursuant to the provisions of Regulation 19, read with Part D of Schedule II of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. As per the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the NRC of the Company acts as the Compensation Committee for administration of the ESOP plan. The NRC has been vested with the authority to recommend nominations for Board membership, succession planning for the senior management and the Board, 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, decision on the remuneration to the Executive Director(s) and laying down of performance parameters for the Chairperson & Managing Director, the Executive Director(s), Key Managerial Personnel and Senior Management.

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 remuneration policy for making payments to the Directors is available on our website at www.biocon.com.

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 and expertise, independent judgement, ethics & values, adherence to the corporate governance norms, interpersonal relationships, attendance and contribution at meetings, amongst others.

During the financial year under review, the Committee met four times on April 25, 2019, July 25, 2019, October 23, 2019 and January 23, 2020.

I. The composition of the Committee and attendance details:

The composition of the Committee and attendance details of the members for the year ended March 31, 2020 are given below:

S. No.	Name of Members	Category	Position	No. of Meetings which director was entitled to attend	No. of Meeting attended	% of Attendance
1	Ms. Mary Harney	ID	Chairperson	4	4	100
2	Dr. Vijay Kumar Kuchroo	ID	Member	4	3	100
3	Prof. Ravi Mazumdar	NED	Member	4	4	100
4	Ms. Kiran Mazumdar-Shaw	ED	Member	4	4	100

ID - Independent Director; NED – Non-Executive Director; ED – Executive Director

II. 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 of the Company is designed to create a high-performance culture and enables the Company to attract, retain and motivate employees to achieve results. The policy is available at the website of the company - www.biocon.com. .

The elements of remuneration to 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 and Managing Director for a period of five years effective April 01, 2015 on certain terms and conditions, including her remuneration subject to a limit of 5% of the net profits of the Company. The remuneration includes fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses, etc. as applicable to employees of the Company.

Mr. Siddharth Mittal was appointed as the Chief Executive Officer and Joint Managing Director of the Company with effect from December 1, 2019. The matter shall be placed before the shareholders for its approval including remuneration comprising of fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses, long term rewards etc., at the ensuing Annual General Meeting of the Company.

Criteria for Making Payment to Non-Executive Directors

The roles of Non-Executive/Independent Directors are not just restricted to corporate governance, but also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as Scientific Knowledge, Research and Development, Manufacturing, Corporate Strategy, Finance, Compliance and Governance, Human Resource Capital, and other corporate functions. The Company seeks their expert advice on various matters from time to time. Hence, compensation to the Non-Executive Directors is recommended. The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to Directors.

C. Service Contracts, Notice Period and Severance Fees

As on March 31, 2020, the Board comprised of nine members, including two Executive Directors and seven Non-Executive Directors, of which five are Independent Directors. Ms. Kiran Mazumdar-Shaw, Chairperson and Managing Director and Mr. Siddharth Mittal, CEO and Joint Managing Director, are employees of the Company. Hence, the provision for payment of severance fees to them shall be as per the terms mentioned in the Company's policy. However, other Directors are not subject to any notice period and severance fees.

D. Pecuniary Relationship or Transactions of the Non-Executive Directors

There was no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company, which has potential conflict with the interest of the organisation at large.

The details of remuneration of Directors for the year ended March 31, 2020 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	39.25	–	–	–	Nil	39.25
Mr. John Shaw	–	–	–	1.57	0.5	2.07
Dr. Arun Suresh Chandavarkar	54.08	–	–	–	Nil	54.08
Mr. Siddharth Mittal	9.55	0.09	–	–	Nil	9.56
Prof. Ravi Mazumdar	–	–	–	3.05	0.6	3.65
Mr. Russell Walls	–	–	–	1.06	0.1	1.16
Ms. Mary Harney	–	–	–	3.37	0.6	3.97
Mr. Daniel Mark Bradbury	–	–	–	2.23	0.5	2.73
Dr. Vijay Kumar Kuchroo	–	–	–	2.27	0.4	2.67
Dr. Jeremy M Levin	–	–	–	2.48	0.5	2.98
Mr. Meleveetil Damodaran	–	–	–	2.13	0.6	2.73
Mr. Bobby Parikh	–	–	–	3.24	0.6	3.84

Note:

- ^Perquisites are valued as per Income -Tax Act, 1961
- Mr. Russell Walls, Chairperson and Dr. Jeremy M Levin, Member had stepped down as director on the Board with effect from July 26, 2019 and January 23,2020 respectively.
- Dr. Arun Suresh Chandavarkar, CEO and Joint Managing Director on the Board, had retired on November 30, 2019.
- Mr. Siddharth Mittal, was elevated to the position of Chief Executive Officer ('CEO') and Joint Managing Director of the Company with effect from December 1, 2019 for a period of five years. However, effective April 1, 2020, he is the Managing Director and CEO of the Company.
- 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.

III. 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
2018-19	July 26, 2019 at 3.30 pm	Sathya Sai Samskruta Sadanam, No. 20, Hosur Main Road, CL Layout, Bengaluru 560 029	1. Re-appointment of Mr. Meleveetil Damodaran as an Independent Director for five years; 2. Variation in terms of Employees Stock Option Plan 2000 for grant of stock options to Ms. Christiane Hamacher, CEO of Biocon Biologics India Limited.

2017-18	July 27, 2018 at 3:30 pm	Tyler Jack's Auditorium, Biocon Research Centre, Plot No. 2, Biocon Special Economic Zone, Bommasandra-Jigani Link Road, Bengaluru 560099	1. Re-appointment of Dr. Jeremy M Levin as an Independent Director for five years; 2. Re-appointment of Dr. Vijay Kumar Kuchroo as an Independent Director for five years
2016-17	July 28, 2017 at 4.00 pm	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 Mark Bradbury as Independent Director for Five Years.

During the financial year under review, no Special Resolution was passed by the Company through Postal Ballot. None of the businesses proposed to be transacted at the ensuing AGM require passing a Special Resolution through Postal Ballot.

B. Means of Communication

I. Quarterly financial results

The quarterly financial results are normally published in nationwide newspaper 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 from time to time and are also 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 the quarterly financial results of the Company. These presentations are also published 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 website of the Company i.e. www.biocon.com contains a separate and dedicated "investors" section to serve shareholder, by giving complete information pertaining to the Board of Directors and its Committees, financial results including subsidiaries financials, stock exchange disclosures and compliances such as shareholding pattern, corporate governance report and press releases, Notice of the Board and General Meetings, details of Registrar and Transfer Agents, details of unclaimed dividend and IEPF related information amongst others. The Company's Annual Report along with supporting documents is also available on the website in a user-friendly and downloadable form.

V. NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre

NEAPS and BSE Listing Centre are web-based application designed by NSE and BSE respectively for the Corporates for smooth filing of information with the stock exchanges. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on NEAPS and BSE Listing Centre.

VI. 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 registered office of the Company is Biocon Limited, 20th KM, Hosur Road, Electronic City, Bengaluru, 560 100 and it 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 24, 2020 at 3:30 pm.*
Venue	AGM will be held through video conferencing (VC) or other audio-visual means (OAVM).
Financial Year	April 1, 2019 – March 31, 2020
Record Date (e-voting)	July 17, 2020
Financial Results Calendar for 2020-21 (tentative)	
Q1- FY 21	July 23, 2020
Q2- FY 21	October 22, 2020
Q3- FY 21	January 21, 2021
Q4- FY 21	April 28, 2021
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 ("ISIN")	INE 376G01013
Payment of Annual listing fees to Stock Exchanges	Paid

* In terms of the MCA Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, the 42nd AGM of the members shall be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is annexed to the AGM notice and available at the website of the Company at www.biocon.com.

I. Market price data during 2019-20

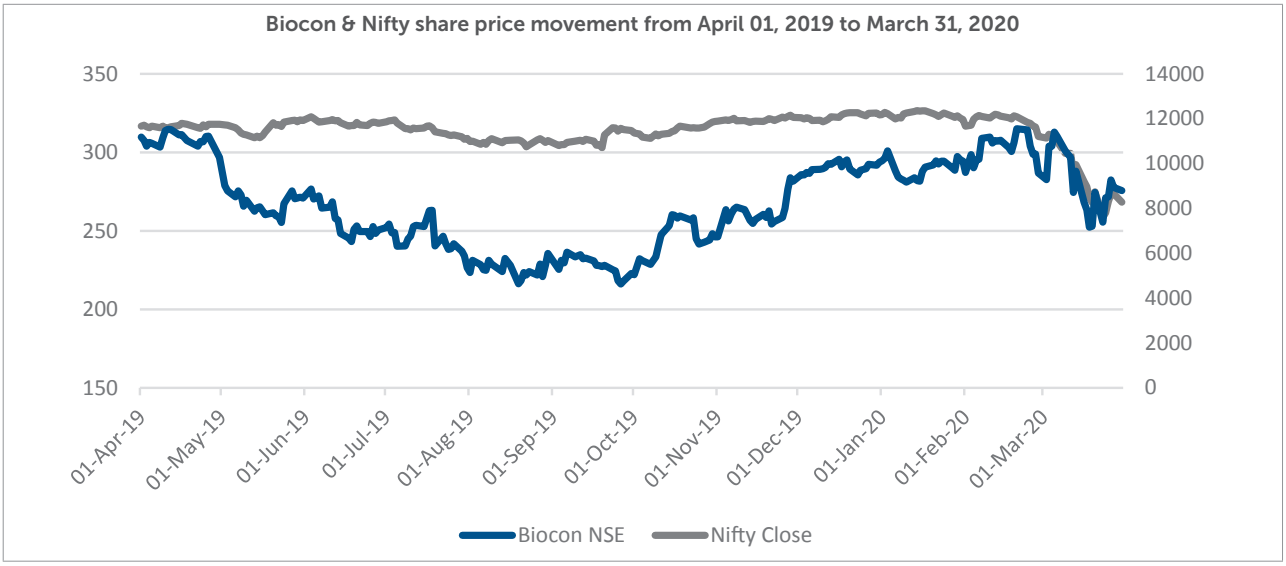
The monthly high/low closing prices and volume of shares of the Company from April 1, 2019 to March 31, 2020 are given below:

Month	BSE			NSE		
	High Price	Low Price	Volume of Equity Shares	High Price	Low Price	Volume of Equity Shares
Apr-19	636.00	586.00	1,701,919	636.75	585.40	27,390,375
May-19	594.95	509.05	3,524,021	593.90	508.50	52,872,236
Jun-19	560.70	238.90*	3,828,545	560.50	239.00*	52,623,010
Jul-19	265.40	224.50	10,705,777	265.50	233.60	81,895,986
Aug-19	237.15	211.30	4,558,451	237.20	211.05	88,156,203
Sep-19	238.70	212.40	7,638,090	238.80	212.20	64,094,271
Oct-19	264.50	221.40	5,721,450	262.85	220.60	83,246,541
Nov-19	288.25	243.00	6,589,563	288.40	243.00	87,531,909
Dec-19	299.70	281.35	4,631,566	299.00	281.15	69,944,243
Jan-20	304.00	275.05	4,335,422	304.30	275.20	85,628,183
Feb-20	323.30	279.00	4,551,512	323.50	279.00	103,858,734
Mar-20	313.95	235.80	6,283,439	314.00	235.55	99,129,561

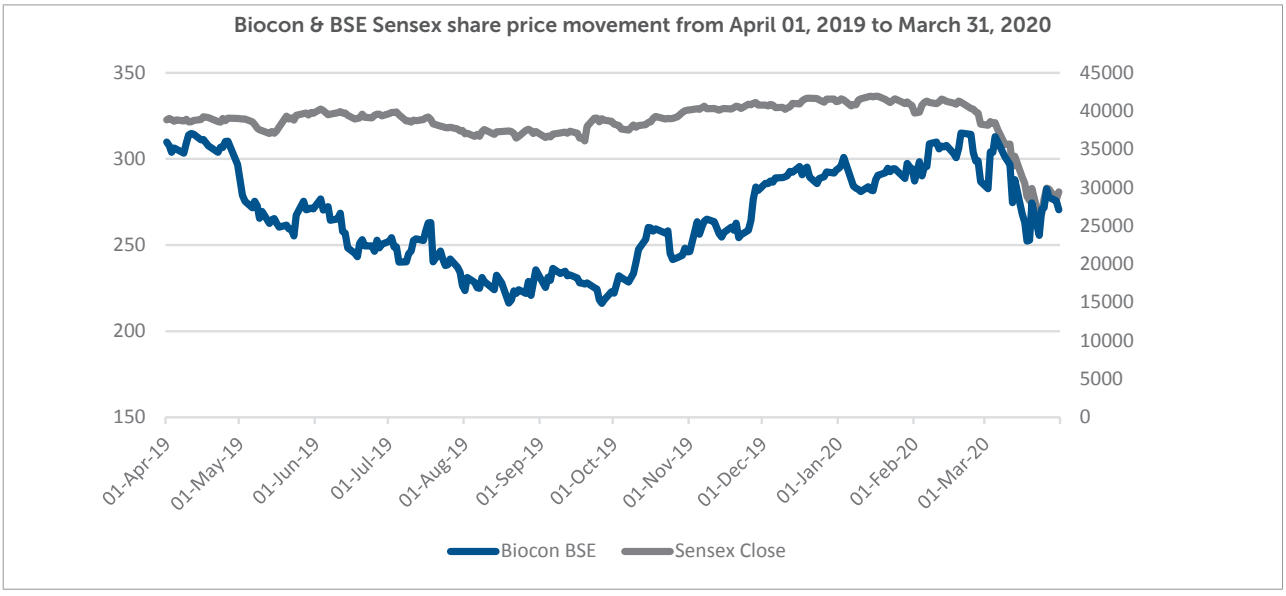
* During the financial year under review, bonus shares in ratio of 1:1, were issued and allotted in the month of June 2019.

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.



Note: The shares traded during the period April 1, 2019 to June 11, 2019 have been indexed to post bonus share issue quantum.



Note: The shares traded during the period April 1, 2019 to June 11, 2019 have been indexed to post bonus share issue quantum.

III. Share transfer system

The Company has Stakeholders Relationship Committee to review and resolve the complaints by shareholders and investors which may arise from time to time and the status of such complaints or requests is placed before the Board. The Company has complied with the requirements as specified in Regulation 40 of SEBI Listing Regulations for effecting transfer of securities of the Company.

On receipt of proper documentation, the Company registers transfers of securities in the name of the transferee(s) and issue certificates or receipts or advices, as applicable, of such transfers, within a period of fifteen days from the date of such receipt of request for transfer, subject to documents being valid and complete in all respects.

In terms of Regulation 40(9) of the SEBI Listing Regulations, the Company obtains a half-yearly compliance certificate, from a Company Secretary in Practice with respect to due compliance of share and security transfer formalities by the Company and the copy of the compliance certificate is submitted to the Stock Exchanges.

SEBI, effective from April 1, 2019, barred physical transfer of shares of the listed companies and mandated transfers only in dematerialised form. However, shareholders are not barred from holding shares in physical form.

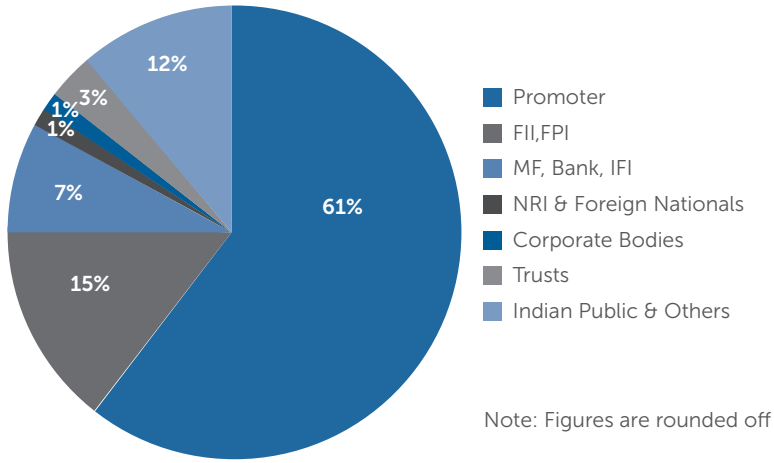
IV. Dematerialization of shares and liquidity

As on March 31, 2020, 99.77% of the equity shares were in electronic form. 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).

Further, during the financial year, the Securities and Exchange Board of India ("SEBI") and the Ministry of Corporate Affairs ("MCA") has mandated that existing members of the Company who hold securities in physical form and intend to transfer their securities after April 1, 2019, can do so only in dematerialised form. Hence, to serve our Shareholders better, we request all our Shareholders who hold shares in physical form to dematerialise these shares and to update their bank account details and email ids with their respective Depository Participants.

V. Distribution of shareholding (category wise) as on March 31, 2020 is as under:

Category	No. of Shares	% to Equity
Promoters (Indian & Foreign)	728,015,676	60.67
Foreign Institutional Investor & FPI	179,712,602	14.98
Mutual Funds, Banks, IFIs	87,881,188	7.32
NRIs & Foreign Nationals	15,088,955	1.26
Corporate Bodies	14,287,803	1.19
Trusts	36,486,695	3.04
Indian Public & Others	138,527,081	11.54
Total	1,200,000,000	100.00



Note: Figures are rounded off

VI. Distribution of shareholding as on March 31, 2020:

S. No.	Category (Amount)	No. of shareholders	% to shareholders	Amount (₹)	% to Equity
1	1 - 5000	190,554	92.06	162,007,790	2.70
2	5001 - 10000	8,858	4.28	62,844,620	1.05
3	10001 - 20000	3,945	1.91	56,326,955	0.94
4	20001 - 30000	1,312	0.63	33,698,335	0.56
5	30001 - 40000	481	0.23	16,961,425	0.28
6	40001 - 50000	348	0.17	15,856,370	0.26
7	50001 - 100000	645	0.31	45,049,240	0.75
8	100001 - 99999999	851	0.41	2,042,572,525	34.04
9	100000000 and above	2	0.00	3,564,682,740	59.41
	TOTAL:	206,996	100.00	6,000,000,000	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 financial year ended March 31, 2020, 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, Vizag, Andhra Pradesh – 531 021, India

X. Address for correspondence

Corporate Governance & Compliance
Mr. Mayank Verma
Company Secretary and Compliance Officer
Tel: 91 80 2808 2038
Email: co.secretary@biocon.com

Financial Disclosure
Mr. Indranil Sen
Vice President - Finance and Accounts
Tel: 91 80 - 2808 2808
E-mail id: Indranil.sen@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
mayank.verma101@biocon.com

Media & Corporate Communications
Ms. Seema Ahuja
Senior Vice President and Global Head of Communications
Tel: 91 80- 2808 2808
E-mail id: seema.ahuja@biocon.com

Registered Office
Biocon Limited
20th KM, Hosur Road,
Electronic City, Bengaluru,
Karnataka 560100

Registrar and Share Transfer Agents ("RTA")
KFin Technologies Private Limited
(Unit: Biocon Limited)
Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District,
Nanakramgud, Hyderabad – 500 032
E-mail id: Suresh.d@Kfintech.com
einward.ris@kfintech.com

XI. Credit Ratings

There are no debt instruments, or any fixed deposit programme or any scheme or proposal of the listed entity 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 under review, 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 at www.biocon.com.

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.

III. Compliance with corporate governance requirements

The Company has complied with the requirements of corporate governance specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation of Regulation 46 of the SEBI Listing Regulations.

IV. Vigil Mechanism

The vigil mechanism as envisaged in the Companies Act, 2013 and SEBI Listing Regulations is implemented through the Company's Whistle Blower Policy to adequately safeguard against victimisation of persons who use such mechanism and to confirm that no personnel is denied access to the Audit Committee of the Company. The address of the Chairperson of the Audit 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. Vigil mechanism of the Company is available on the website of the Company at www.biocon.com.

V. Compliance with mandatory and discretionary requirements

The Company has complied with all mandatory requirements prescribed by SEBI Listing Regulations and the Company has also complied with below mentioned discretionary requirements as stated under Part E of Schedule II to the Listing Regulations, is as under:

- Modified opinion(s) in audit report: 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.
- Reporting of Internal Auditors: Internal Auditors report directly to the Audit Committee

VI. Policy for determining material subsidiary

The Company has formulated a policy for determining "Material" subsidiaries as defined under the SEBI Listing Regulations. This policy is also published on the website of the Company at www.biocon.com.

VII. Policy for determining Related Party transactions

The Company has formulated a policy on materiality of related party transactions and on dealings with such transactions. This policy has also been published on the website of the Company at www.biocon.com.

VIII. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

The Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the financial year 2019-20.

IX. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor.

The details of payment made to them on consolidated basis are available under Note No. 28 of the Financial section.

X. Certificate from Company Secretary in Practice

As required under Regulation 34(3) read with Clause 10(i), Part C of Schedule V of the SEBI Listing Regulations, the Company has received a Certificate from Mr. Pradeep Kulkarni, Company Secretary in Practice, Partner, V Sreedharan and Associates, certifying that none of our directors on the Board of the company have been debarred or disqualified from being appointed or to continue as directors of Company by the SEBI or Ministry of Corporate Affairs or any such statutory authority. This document is annexed to the report.

XI. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The disclosure regarding the complaints of sexual harassment are given in the Board's Report.

XII. 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.

XIII. 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 at 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 annexed with this Report.

XIV. 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 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 at www.biocon.com.

XV. 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.

XVI. CEO and CFO certification

As required by Regulation 17(8) read with Schedule II Part B of the SEBI Listing Regulations, the Chief Executive Officer ("CEO") of the Company has furnished to the Board, the requisite compliance certificate for the financial year ended March 31, 2020.

XVII. Certificate for compliance with Corporate Governance

A certificate from the statutory auditors confirming compliance with conditions of Corporate Governance is annexed to this Report.

XVIII. Secretarial Audit

The secretarial audit report of the Company for the year ended March 31, 2020, issued by Mr. Pradeep Kulkarni, Partner of M/s. V. Sreedharan & Associates, Practicing Company Secretaries forms part of the Board's Report as Annexure - 7.

As on March 31, 2020, none of the subsidiaries of the Company except Biocon Biologics India Limited qualified to be material unlisted subsidiaries.

XIX. 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.

XX. 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 financial year 2019-20.

For **Biocon Limited**

May 14, 2020
Bengaluru

Siddharth Mittal
Managing Director and CEO

Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Biocon Limited
20th K.M. Hosur Road,
Hebbagodi, Bengaluru - 561229

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Biocon Limited, having CIN L24234KA1978PLC003417 and having registered office at 20th K.M. Hosur Road, Hebbagodi, Bengaluru - 561229 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).

Details of Directors:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Ms. Kiran Mazumdar-Shaw	00347229	01/04/2010
2	Mr. Siddharth Mittal	03230757	01/12/2019
3.	Mr. John McCallum Marshall Shaw	00347250	12/01/1998
4.	Prof. Ravi Rasendra Mazumdar	00109213	08/08/2000
5.	Ms. Mary Harney	05321964	26/04/2012
6.	Mr. Meleveetil Damodaran	02106990	26/04/2016
7.	Mr. Daniel Mark Bradbury	06599933	25/04/2013
8.	Dr. Vijay Kumar Kuchroo	07071727	22/01/2015
9.	Mr. Bobby Parikh	00019437	27/07/2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V Sreedharan and Associates**

(Pradeep B Kulkarni)
Partner
FCS: 7260; CP No.7835

Place: Bengaluru
Date: 11.05.2020

UDIN Number F007260B000223751

Independent Auditor's 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 2020, 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 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' 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 abovementioned Listing Regulations.

Auditor's 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 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 2020.

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

Sampad Guha Thakurta
Partner
Membership Number: 060573
UDIN Number: 20060573AAAABV4763

Place: Bengaluru
Date: 14 May 2020

Business **Responsibility Report**

The Business Responsibility Report for the year ended 2019-20, follows National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business released by the Ministry of Corporate Affairs ('MCA') and is in accordance with Regulation 34(2)(f) of SEBI Listing Regulations. Through the Business Responsibility Report, the Company communicates its performance to all stakeholders and creates shareholder value. The nine guiding principles of the BRR cover all aspects which are of significance to business operations, governance and environment-friendly practices undertaken by the organisation.

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: April 1, 2019 to March 31, 2020
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 National Industrial Classification – Ministry of Statistics and Programme 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
   i. Number of International Locations: Five (United States of America, Switzerland, United Kingdom, Malaysia and United Arab Emirates);
   ii. Number of National Locations: Three Manufacturing Locations (Bengaluru – 2 plants, Hyderabad, Vizag) + 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 (INR) : 6,000 Mn
2. Total Turnover (INR) : 21,901 Mn
3. Total profit after taxes (INR): (including exceptional item) : 4,409 Mn
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2% of average net profits of the Company made during the three immediately preceding financial years.
5. List of activities in which expenditure in 4 above has been incurred: Please refer Annexure 7 - 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 16 subsidiaries and one Joint venture located in India and other countries as on March 31, 2020. The details of subsidiaries are provided in Board's report, which forms part of the annual report.

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 (Non-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%].**

   Other entities do not directly participate in the BR Initiatives of the Company. Furtherance to our 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/Director responsible for implementation of the BR policy/policies

   i. Name: Mr. Siddharth Mittal

   ii. Designation: Managing Director and CEO

   iii. DIN Number: 03230757

   (b) Details of the BR head:

S. No.	Particulars	Details
1	DIN Number	03230757
2	Name	Mr. Siddharth Mittal
3	Designation	Managing Director and CEO
4	Telephone number	080-2808 2808
5	E-mail ID	siddharth.mittal@biocon.com

2. **Principle-wise (as per NVGs) BR Policy/policies:**

S. No.	Principle Description	Reference of Biocon Policies
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	Code of Ethics and Business Conduct, Integrity and Whistle Blower policy
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Environment, Health & Safety (EHS) policy, Supplier code of conduct and procurement SOP

S. No.	Principle Description	Reference of Biocon Policies
P3	Businesses should promote the well-being of all employees.	HR Policies including Employment Policy and Prevention of Sexual Harassment to Women
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Corporate Social Responsibility Policy and other stakeholder engagement policies like Biocon Communications Policy and Social Media Policy for internal and external stakeholders.
P5	Businesses should respect and promote human rights.	Code of Ethics and Business Conduct, HR policies
P6	Businesses should respect, protect, and make efforts to restore the environment.	Environment, Health & Safety (EHS) policy
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.	Corporate Social Responsibility Policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.	IT Policies, Quality Policy and Data Integrity Policy

(a) Details of compliance (Reply in Y/N):

No.	Questions	P1	P2	P3	P4	P5	P6	P7*	P8	P9
1	Do you have a policy/ policies for?	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being 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?	Y	Y	Y	N	Y	Y	N	Y	Y
4	Has the policy being 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/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	N	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online? #	Y	Y	Y	Y	Y	Y	N	Y	Y
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	Y	Y

Note:

** 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. However, Biocon does not have formal advocacy policy.*

 # All the Company policies are available on intranet for internal stakeholders. However, wherever external stakeholders are involved, relevant policies are also available on the Company's website www.biocon.com.

3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Board of Directors and Corporate Social Responsibility Committee of the Board assess the BR Performance of the Company on half yearly basis. For more information, please refer Corporate Governance Report, which is part of annual report.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	BR report is being published annually as part of the company's annual report in compliance with the provisions of SEBI Listing Regulations, which can be accessed at www.biocon.com.

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. The Policy covers to Biocon 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.

Total complaints received during the FY 2019-20	9
Total number of complaints redressed during the year	7
Total number of pending cases on 31st March, 2020	2

Stakeholders can write to integrity@biocon.com 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 life cycle

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 at the very core of our corporate responsibility. It has helped us move beyond statutory compliances to create responsible business practices that guarantee a safe work environment, a healthy workforce and a sustainable environment across the value chain. Our company prefers to enter into long term commitments with suppliers who fulfil their responsibility towards the society as well as the environment. Initiatives are taken to improve awareness regarding legal compliances, to enhance eco-friendly efficiencies and packaging/logistics improvements at the suppliers' end. Suppliers and transporters interact on a periodical basis wherein 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 within the sourcing team, to reduce the transactional load in the process. Consolidation of Purchase Orders & Requisitions / Long term contracts have resulted in a reduction of the number of transactional loads in the SAP-ERP system.

      In addition to 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 the decrease in the need for transportation significantly reduces 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 the principles of natural resource conservation; reuse, reduce, recycle, waste minimization and renewable energy. All manufacturing units are certified for ISO 45001:2018 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. Rain water harvesting system is in place covering building roof tops and the 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. 100% of wastewater is recycled and reused back in the process or in the 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. There are several initiatives in the areas of energy conservation and clean energy. We have shifted to piped natural gas for steam generation replacing conventional fossil fuels thus adopting a clean, environment friendly and highly efficient form of energy. Around 54% of power requirement of Biocon Bangalore units is from Wind Power. Renewable energy like wind power doesn't pollute the environment and doesn't contribute to global warming and greenhouse effects. 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 with regards to an operating procedure to approve suitable vendors. Materials are procured from approved vendors both, local and international. The quality assurance team of the Company conducts a periodic audit of the vendors, especially those who supply key materials, on various parameters geared 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

- 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 across without it having to fly 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.
- Consolidating vendors also helps us in keeping transactions to a minimum thereby minimizing operational loads. Consolidating requirements further helps in better planning and effective negotiations.

b. Green Supply Chain

- Biocon has made tremendous strides in moving from an animal-origin to a recombinant supply base for some of our key product portfolios which includes Insulins. We believe this has contributed significantly to our environment friendly initiatives apart from being a social cause in itself;
- The sourcing team at Biocon focus on the use of 'green solvents' which are non-petrochemicals based e.g. Ethanol for the majority of our business units thereby reducing the dependency on non-renewable forms of energy;
- 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

- 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;

- We conduct monthly reviews for each supply chain function to address issues with suppliers;
- Have also entrusted vendor evaluation to 3rd party international agencies like 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 alongside and develop 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 are small and medium enterprises. There is also a strong corporate directive to develop sourcing capabilities locally. This enables us in achieving multiple benefits like

   a. Shorter turn-around times for delivery

   b. Promoting Vendor-Managed Inventory, closer to our facilities.

   c. Quicker resolution of issues pertaining to material quality

   d. Contribute to the local economy thereby enhancing sustainability of our operations.

   Additionally, we aid the 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 the Company premises thereby reducing the need for fresh water. Used solvents are distilled, recovered and reused internally to reduce usage of fresh solvent. Efforts are made to constantly strengthen the recovery processes in our existing businesses and initiate cross functional projects to drive further reduction in utilities and solvents through novel technology platforms. This will further our progress towards the 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

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 can be considered harassing, coercive or disruptive, particularly behaviour that tantamounts to sexual harassment. The Company has a strict 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.

The Company ensures a safe, healthy and clean working environment for all its employees. Employees 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.

The Company ensures 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.

1	Please indicate the Total number of employees.	3155
2	Please indicate the Total number of employees hired on temporary/ contractual/casual basis.	813
3	Please indicate the Number of permanent women employees	360
4	Please indicate the Number of permanent employees with disabilities	2
5	Do you have an employee association that is recognized by management?	No
6	What percentage our permanent employees is members of this recognized employee association?	NA

7	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.	During FY20, there were no instances of any child labour, forced/involuntary labour or discriminatory employment. The Company has a Prevention of Sexual Harassment policy in accordance with the statutory requirements of Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013. All sexual harassment complaints are diligently reviewed and investigated by an Internal Complaints Committee constituted under the Prevention of Sexual Harassment policy. The summary of such complaints received and resolved during the financial year is given below:

Category	No of Complaints filed during the financial year	No of complaints pending as at the end of the financial year
Child Labour	–	–
Forced Labour	–	–
Involuntary Labour	–	–
Sexual Harassment	3	1

8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	

Particulars	Skill Upgradation	Safety
Permanent Employees	74%	75%
Permanent Women Employees	80%	80%
Casual/ Temporary/ Contractual Employees	–	100%
Employees with Disabilities	57%	78%

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?

Yes. 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 budgets, monitors implementation of programs and reports the results to the board on a quarterly basis. The 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 an efficient supply chain, tertiary health providers to obtain technical support and with the Government to fulfil mutual obligations based on the 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 carried out in board meetings, town-hall presentations, annual general meetings, CSR forums and also through various internal and external reporting and presentations. The value which is delivered to the stakeholders is also conveyed with the help of online social networks and print media.

The other stakeholders are:

a. Government and regulatory authorities
b. Employees
c. Customers
d. Local community
e. Investors and shareholders
f. 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 are serving a population of more than 1 million living predominantly in rural areas, peri-urban areas and slums. In compliance with the CSR Act 2014, preference is given to the areas around where the company operates. Our approach places particular emphasis on the socio-economic development of most disadvantaged sections of the society which includes women, children and elderly populations.

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.**

The primary healthcare initiatives have been designed to bring quality and affordable healthcare to the underserved population in order to reduce morbidity and mortality and significantly reduce the out of pocket expenditure (OPE) by minimizing trips to secondary and tertiary health centres. Monthly camps are being organised in support of 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 attend to the 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 intervention to manage severe acute malnourishment in children of Anganwadi centres. Our rural development initiatives address the rural urban divide in infrastructure. In addition, we promote gender equality and empowerment of women by supporting vocational skills and a 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?**

The Policy covers the Biocon 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?**

For details pertaining to shareholders complaints, please refer to our "Shareholders Complaints" section in the Corporate Governance report of the Annual Report. For other grievances, please refer to Principle no 1 and 3 of this report.

Principle 6: Business 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.**

Biocon is committed to adopting the best global practices in connection to Environment, Occupational Health and Safety (EHS). Our comprehensive governance systems are bolstered by the best-in-class infrastructure, specialized EHS management systems, competent teams and comprehensive programs. Biocon has a well-defined Environment, Occupational Health, Safety and Sustainability Policy in place to motivate employees so as to minimize environmental impacts and to prevent injuries and ill health at the workplace. It covers all our internal and external stakeholders and extends to the Group, Joint Ventures, suppliers, contractors and other stakeholders like NGOs who work with us. This policy is communicated to all our stakeholders to ensure that they are in compliance with the policy.

Adherence to EHS policy is emphasized to all stake holders by the top management as well as through appropriate communications 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 in view of combatting the same.

   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 the activities, processes and new projects and any modifications.

   Link to ISO 14001 & ISO 45001 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 filed?**

   As on date, the Company does not have any project registered with the Clean Development Mechanism (CDM), but we have a variety of projects related to clean technology and we strive to identify CDM potential in all of our projects. Some of the projects in line with CDM methodologies in our organisation are

   - Reduction of carbon footprint by switching over to piped natural gas to fuel boilers instead of conventional fossil fuels thereby reducing our GHG emissions;
   - Usage of biogas generated by our effluent treatment unit anaerobic digesters as a co-fuel in boilers;
   - Usage of solar energy for water heating and lighting purposes;
   - 54% 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

   - Installation of energy efficient Centrifugal air compressors.
   - Installation of LED lighting to replace fluorescent lamps
   - Power Trading through Indian Energy Exchange
   - Installation of energy efficient air blower motors.
   - Reduction in CO2 emissions by using PNG (Piped natural gas) for Steam generation
   - 54% of our power requirements is sourced from wind energy. The continuous adoption of renewable energy as a preferred source has enabled us to increase the share in our total power consumption to more than half for the first time this fiscal year.
   - Installation of Solar Powered lighting.
   - Installation of waste steam recovery system.
   - Installation of two stage scrubber system at multiple effect evaporator system to ensure better air quality in and around facility.

   Intranet link: - http://www.biocon.com/biocon_aboutus_ehspolicy.asp

6. **Are the Emissions/Waste generated by the company within the permissible limits given 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.**

   There were no show cause/legal notices received from CPCB/SPCB which are pending as at the end of financial year 2019-20.

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:**

   Yes, Biocon is member of the CII (Confederation of Indian Industry), ABLE (Association of Biotechnology Led Enterprises), IDMA (Indian Drug Manufacturers' Association), KDPMA (Karnataka Drugs & Pharmaceuticals Manufacturers' Association), Federation of Karnataka Chambers of Commerce & Industry, FICCI (Federation of Indian Chambers of Commerce & Industry) etc.

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. Kiran Mazumdar-Shaw (Executive Chairperson, Biocon Limited w.e.f 01/04/2020), is a highly respected, global Biotech pioneer. She is passionate about enabling affordable healthcare and contributes selflessly towards creating an enabling ecosystem that promotes science, encourages start-ups and enables access to affordable universal healthcare. Ms Kiran Mazumdar-Shaw also engages with the government at Centre and State levels to enable creation of an optimal biotech ecosystem.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company is committed to serve under privileged communities through sustainable development projects; pivoted on innovation, grass roots implementation, grant support and knowledge sharing, in the realms of-

   - Primary Healthcare
   - Education
   - Gender Equality & Women Empowerment
   - Environmental Sustainability
   - Technology Incubation
   - Rural Development and
   - Traditional Art and Culture.

   To maximise impact at the national and state level, all our programs are in partnership with government agencies on strong footing of public private partnerships.

   Healthcare:

   Twenty Primary Health centers (PHCs) of the Government and three clinics of Bicoon Foundation are upgraded to eLAJ Smart Clinics in Karnataka. These centers are enabled with electronic patient record system as well as upgraded point-of-care and laboratory-based diagnostics. The targeted health camps are organized in the three clinics of the Foundation to address non-communicable diseases (NCDs), and maternal and child health issues.

   An integrated approach for management of NCDs in Dimapur, Nagaland is adopted to conduct awareness and population-based screening for diabetes, hypertension and common (oral, breast and cervical) cancers. The mobile health (mHealth) technology used for oral cancer screening enables remote diagnosis, treatment and referral. An NCD clinic is established at Community Health Centre, Medziphema to manage the positive and high-risk cases.

   In addition, an integrated program for screening of NCDs in Pourakarmikas (sanitation staff) of Bruhat Bengaluru Mahanagara Palike (BBMP) was successfully concluded.

   Education:

   The Foundation partnered with the Department of State Education Research and Training to create modules for life skills and first-aid for Government schools in Karnataka. Modules designed for "No Bag Day" will facilitate experiential learning. Mater resource persons have been trained to improve pedagogy.

Environmental Sustainability:

Hebbagodi Lake has a spread of thirty-five acres and a perimeter of over two kilometres. As a result of unrestricted flow of raw sewage and dumping of solid waste and debris from nearby residential areas, the lake was waning. The lake has been cleared of the invasive weeds, sludge and garbage. Bar screens and trash barriers have been installed to ensure effective garbage filtering from incoming sewage. Closed underground conduits have been laid and culvert built to prevent sewage overflow. A Bund was created along the margin of the lake and fenced. A children's park was built and RO water plants were installed to provide public facilities. Eco-friendly methods such as bioremediation, mechanical aeration and floating treatment wetlands are being used to treat pollution and improve water quality.

The polluted Yarandahalli Lake has been improved by bund strengthening, fencing, de-weeding and cleaning. Artificial floating Islands have been installed and a green belt is being developed around the lake.

Rural Development:

The new building of Government Lower Primary School in Kyalasanahalli, Bengaluru was inaugurated. It comprises of three classrooms, storage, kitchen and separate toilets for boys and girls with handwashing facility.

Grant-in-Aid:

A 'Biocon Chair' at Institute of Bioinformatics and Applied Biotechnology enables training and research in biological sciences. The chair drives research in the area of structural biology and drug discovery.

Flood Relief:

In a response to 2019 Karnataka floods, the Foundation donated to Karnataka State Disaster Management Authority and employees of Biocon Ltd. contributed to CM's Relief Fund for relief measures. In addition, medicines were donated to Karnataka & Kerala Governments to support flood victims.

COVID-19 Relief:

10,000 dry ration kits distributed to daily wagers and the underprivileged to support them in the lockdown. Each kit consists of 14 kg of basic items such as grains, pulses, spices and vegetables. The Foundation will further augment its response as the pandemic continues to impact people.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Biocon Foundation, a non-profit charitable Trust and the own Foundation of Biocon Limited is the prime implementing agency for social responsibility activities. The Foundation implement CSR projects / programs in any of the following modes:

I. Direct execution

II. Partnership - meaningful collaborations with like-minded organisations through memorandum of understanding

III. Grant making – provision of grants to NGOs for innovative and impactful social projects

3. Have you done any impact assessment of your initiative?

We have taken several steps towards a more data-driven approach for our projects. A strong emphasis is given on evaluations of the outcomes in the project / program designs.

eLAJ Smart clinic has a dashboard and clinical outcomes are analysed. In the case of common cancers, we are recording the detection of Oral Potentially Malignant Disorders (OPMDs) in tobacco users, VIA positive and abnormal Pap results, published in the annual report of Biocon Foundation. However, the challenges remain in evaluating the impact of every project /program as the focus remains on the efficient use of limited resources rather than finding the evidence in each case.

Healthcare:

- More than 1.5 lacs patient visits, 75,000 patients availed health services at eLAJ Smart Clinics
- About 1,800 patients screened for NCDs at their doorsteps, 2,400 patient visits recorded at NCD clinic in Dimapur, Nagaland
- About 5,000 individuals screened for oral cancer, oral potentially malignant disorders (OPMDs) detected in 9% instances.
- Over 28,000 individuals benefitted from the routine dental health check-ups, about 17% were diagnosed and treated for common dental health problems

- More than 2,000 Pourakarmikas, garbage loaders and drivers were screened for NCDs
- More than 130 Master Resource Persons trained who in turn will build capacity of about 5,000 District Resource Persons on life skills and first-aid modules.

Environmental Sustainability:

Third-party lab report on water quality of Hebbagodi Lake:

- Increase in Dissolved Oxygen (DO) from 0 to 4.2 mg/L indicates that aeration and bio-enzyme treatment are effective
- Decreasing trend in the chemical oxygen demand (COD) and biological oxygen demand (BOD) in the samples suggests that level of pollution has reduced
- pH, TDS, Nitrates are in line with the norms after the treatment

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

   Please refer Annexure 7 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?

   Our project / program includes community participation before it begins. Key stakeholders are mapped and we work together with them at different stages of the initiative; from the need assessment to planning, implementation, monitoring and evaluation. It also involves exchange of ideas and shared decision-making and ownership.

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 on the end of financial year.

   During the financial year, the Company has not received any customer complaints and no compliant was pending as on March 31, 2020.

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.

   None.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   No.

Independent Auditor's 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 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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

Basis for Opinion

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

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.

Taxation

The key audit matters	**How the matter was addressed in our audit**
The Company is subject to complexities with respect to various tax positions on matters such as: - deductibility of transactions - availability of tax incentives and exemptions, - impact of group restructurings - cross border transfer pricing arrangements etc. Judgment is required in assessing the range of possible outcomes for some of these tax matters. These judgments could change over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. The Company 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 which reflect its best estimate of the outcome based on the facts known. Accordingly, we focused on this area.	Our audit procedures in relation to Taxation include the following: • We obtained an understanding of the key uncertain tax positions based on list of ongoing litigations and tax computation for the current year; • We analysed select key correspondences with the tax authorities to identify any additional uncertain tax positions; • We analysed the Company's judgment regarding the eventual resolution of matters with various tax authorities. In this regard, we understood how the Company has considered past experience, where available, with the tax authorities in the respective jurisdictions; • We also considered external legal opinions and consultations made by the Company for key uncertain tax positions; • We used our own tax specialists' expertise to assess key assumptions made by the Company.

Taxation	
The key audit matters	**How the matter was addressed in our audit**
For further information refer to: - Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions - Note 2(l) - financial disclosures set out in Note 33 for Tax expense and Note 34 for contingent liabilities. in the standalone financial statements for the year ended 31 March 2020.	

Group restructuring and discontinued operations	
The key audit matters	**How the matter was addressed in our audit**
During the current year, the Company has executed certain restructuring plans in order to consolidate its Biologics business in its subsidiary Biocon Biologics India Limited ('BBIL'). As part of the restructuring plan, the Company transferred its Branded Formulations and Biologics divisions to BBIL. The aforesaid disposals meet the definition of discontinued operations from a standalone financial statements perspective in accordance *with Ind AS 105: Non current Assets Held for Sale and Discontinued Operations (IndAs 105)*. In accordance with the accounting principles, the Company has reclassified the revenue, expenses, tax and gain/loss on disposal arising from these businesses as discontinued operations for current and previous year. Given the significance of amounts and complexities involved in carving out the results of the respective businesses, we determined this to be an area of focus for our audit. For further information refer to Note 39 in the Standalone Financial Statements for the year ended 31 March 2020.	Our audit procedures in relation to Group restructuring and discontinued operations include the following: • We read minutes of meetings of Board of Directors of the Company and analysed the key terms and conditions of the underlying agreements for the business transfers; • We analysed the accounting treatment and disclosure done by the Company to assess its compliance with respect to the requirements of applicable Ind AS; • We obtained the Company's evaluation of the income-tax impact of the above business transfers (from a seller's perspective) to verify compliance; • We verified the analysis prepared by the Company to verify the amount to be disclosed as discontinued operations in the statement of profit and loss for the current and previous year. In particular, we focused on the allocation of costs between continuing and discontinuing operations to verify the presentation in results.

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 Financial Statements and our Auditors' Report thereon) which we obtained prior to the date of this Auditor's Report, and the remaining section of the Company's 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 and Board of Directors' Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

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

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

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

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

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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

   b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 36 to the standalone financial statements;

   c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

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

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

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

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

Sampad Guha Thakurta
Partner
Membership No. 060573
UDIN: 20060573AAAABT8112

Place: Bengaluru
Date: 14 May 2020

Annexure A to the Independent Auditor's Report

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

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

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

(c) According to the information and explanations given to us 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 ₹ 35 million as at 31 March 2020 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 been regularly deposited during the year by the Company with the appropriate authorities

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

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

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, 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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABT8112

Place: Bengaluru
Date: 14 May 2020

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

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	4	4	FY 1996 – 97	Supreme Court
Income-Tax Act, 1961	Income Tax	1,284	494	FY 2009-10 to FY 2014-15	Income Tax Appellate Tribunal ("ITAT")
Income-Tax Act, 1961	Income Tax	31	30	FY 1997-98, FY 2003-04 to FY 2006-07	High Court of Karnataka
Income-Tax Act, 1961	Income Tax	62	62	FY 2013-14	Commissioner (Appeals)
Finance Act, 1994	Service-Tax	68	–	FY 2009-10 to FY 2012-13	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	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	38	1	FY 2008-09 to FY 2014-15	Joint Commissioner Appeals
The Central Excise Act, 1944	Excise Duty	273	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	5	1	FY 2003-04, FY 2005-06, FY 2007-08, FY 2008-09, FY 2010-11 and FY 2011-12	Commissioner (Appeals)

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

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

(Referred to in paragraph 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 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABT8112

Place: Bengaluru
Date: 14 May 2020

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Balance Sheet as at March 31, 2020

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

	Note	March 31, 2020	March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	6,590	10,291
Capital work-in-progress	3	1,519	2,545
Investment property	4(a)	725	419
Right-of-use-assets	4(b)	396	–
Intangible assets	5	221	301
Financial assets			
(i) Investments	6	48,140	39,797
(ii) Loans	7(a)	1,567	297
(iii) Other financial assets	8(a)	193	228
Income-tax asset (net)		712	660
Deferred tax asset (net)	18	1,795	2,019
Other non-current assets	9(a)	413	733
Total non-current assets		62,271	57,290
Current assets			
Inventories	10	5,347	8,019
Financial assets			
(i) Investments	11	1,388	1,134
(ii) Trade receivables	12	5,732	9,018
(iii) Cash and cash equivalents	13	3,750	3,057
(iv) Bank balances other than (iii) above	13	3	503
(v) Loans	7(b)	1,006	918
(vi) Other financial assets	8(b)	2,640	1,228
Other current assets	9(b)	971	1,237
Total current assets		20,837	25,114
TOTAL		83,108	82,404
Equity and Liabilities			
Equity			
Equity share capital	14(a)	6,000	3,000
Other equity	14(b)	69,373	68,154
Total equity		75,373	71,154
Non-current liabilities			
Financial liabilities			
(i) Lease liabilities	38	26	–
(ii) Borrowings	15	7	14
(iii) Other financial liabilities	16(a)	26	–
Provisions	17(a)	214	248
Other non-current liabilities	19(a)	182	1,055
Total non-current liabilities		455	1,317
Current liabilities			
Financial liabilities			
(i) Lease liabilities	38	4	–
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	20	75	154
- Total outstanding dues of creditors other than micro and small enterprises		5,137	6,285
(iii) Other financial liabilities	16(b)	720	1,771
Provisions	17(b)	244	548
Income-tax liability (net)		848	803
Other current liabilities	19(b)	252	372
Total current liabilities		7,280	9,933
TOTAL		83,108	82,404

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Continuing operations:			
Income			
Revenue from operations	21	19,884	17,857
Other income	22	2,017	1,089
Total income		**21,901**	**18,946**
Expenses			
Cost of raw materials and packing materials consumed	23	8,582	8,566
Purchases of traded goods		9	10
Changes in inventories of traded goods, finished goods and work-in-progress	24	(314)	(691)
Employee benefits expense	25	3,448	2,891
Finance costs	26	12	26
Depreciation and amortisation expense	27	980	923
Other expenses	28	5,328	4,982
		18,045	16,707
Less: Recovery of cost from co-development partners (net)		(29)	(4)
Total expenses		**18,016**	**16,703**
Profit before tax and exceptional item		3,885	2,243
Exceptional items, net	43	1,597	1,987
Profit before tax		**5,482**	**4,230**
Tax expense			
Current tax	33	857	1,230
Deferred tax			
MAT credit utilised/(entitlement)		187	(684)
Other deferred tax		75	(99)
Total tax expense		**1,119**	**447**
Profit after tax from continuing operations		**4,363**	**3,783**
Discontinued operations:	39		
Profit before tax for the year from discontinued operations		117	1,291
Tax expense of discontinued operations		71	147
Profit for the year from discontinued operations		**46**	**1,144**
Profit for the year		**4,409**	**4,927**
Other comprehensive income/(expense)			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(51)	(67)
Equity investments through other comprehensive income - net change in fair value		(19)	109
Income tax effect		40	93
		(30)	**135**
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(73)	(7)
Income tax effect		26	3
		(47)	**(4)**
Other comprehensive income for the year, net of taxes		**(77)**	**131**
Total comprehensive income for the year		**4,332**	**5,058**
Earning per share	31		
Earnings per share for continuing operations			
Basic (in ₹)		3.68	3.20
Diluted (in ₹)		3.67	3.18
Earnings per share for discontinued operations			
Basic (in ₹)		0.04	0.97
Diluted (in ₹)		0.04	0.96
Earnings per share for continuing and discontinued operations			
Basic (in ₹)		3.72	4.17
Diluted (in ₹)		3.71	4.14

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

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

(A) Equity share capital

	March 31, 2020	March 31, 2019
Opening balance	3,000	3,000
Issue of bonus shares	3,000	–
Closing balance	6,000	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, 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
Adjustment pursuant to adoption of Ind AS 116, net of tax	–	–	–	(3)	–	–	–	–	–	(3)
Adjusted balance at April 01, 2019	1,171	9	3,458	63,918	–	594	(1,144)	40	105	68,151
Profit for the year	–	–	–	4,409	–	–	–	–	–	4,409
Other comprehensive income, net of tax	–	–	–	–	–	–	–	(47)	(30)	(77)
Total comprehensive income for the year	–	–	–	4,409	–	–	–	(47)	(30)	4,332
Transactions recorded directly in equity										
Issue of bonus shares	(1,158)	–	(1,842)	–	–	–	–	–	–	(3,000)
Bonus issue expense	(13)	–	–	–	–	–	–	–	–	(13)
Dividend including dividend distribution tax	–	–	–	(601)	–	–	–	–	–	(601)
Share based payment	–	–	–	–	–	479	–	–	–	479
Purchase of treasury shares	–	–	–	–	–	–	(293)	–	–	(293)
Transfer to SEZ reinvestment reserve	–	–	–	(300)	300	–	–	–	–	–
Transfer from SEZ reinvestment reserve on utilisation	–	–	–	300	(300)	–	–	–	–	–
Exercise of share options	238	–	–	226	–	(238)	92	–	–	318
Balance at March 31, 2020	238	9	1,616	67,952	–	835	(1,345)	(7)	75	69,373

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

		March 31, 2020	March 31, 2019
I	**Cash flows from operating activities**		
	Profit for the year from continuing operations	4,363	3,783
	Profit for the year from discontinued operations	46	1,144
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation expense	1,030	1,471
	Unrealised foreign exchange (gain)/loss	(357)	76
	Share based compensation expense	273	173
	Provision/(reversal of provision) for doubtful debts, (net)	(29)	15
	Bad debts written off	–	2
	Interest expense	12	26
	Interest income	(262)	(390)
	Net loss on financial assets measured at fair value through profit or loss	2	27
	Profit on property, plant and equipment sold, (net)	–	(1)
	Dividend income from subsidiaries	(596)	(357)
	Net gain on sale of investments (including exceptional items)	(754)	(2,160)
	Tax expense	1,190	594
	Operating profit before working capital changes	**4,918**	**4,403**
	Movements in working capital		
	Decrease/(increase) in inventories	(1,449)	(2,402)
	Decrease/(increase) in trade receivables	1,844	(1,740)
	Decrease/(increase) in other assets	(1,157)	214
	Increase/(decrease) in trade payable, other liabilities and provisions	622	1,989
	Cash generated from operations	**4,778**	**2,464**
	Direct taxes paid (net of refunds)	(907)	(1,369)
	Net cash flow generated from operating activities	**3,871**	**1,095**
II	**Cash flows from investing activities**		
	Purchase of Property, plant and equipment	(1,953)	(2,426)
	Purchase of intangible assets	(36)	(157)
	Proceeds from sale of Property, plant and equipment	66	4
	Loan given to subsidiaries	(2,606)	(2,148)
	Recovery of loans from subsidiaries	472	1,701
	Purchase of investments	(49,785)	(32,746)
	Proceeds from sale of current investments	31,999	33,863
	Proceeds from sale of investments in subsidiary	11,070	2,891
	Investment in bank deposits and inter corporate deposits	(800)	(1,000)
	Redemption/maturity of bank deposits and inter corporate deposits	1,000	2,534
	Proceeds from sale of business	7,675	–
	Interest received	173	236
	Dividend received on investments in subsidiaries	596	357
	Net cash flow generated from/(used in) investing activities	**(2,129)**	**3,109**

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

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

	March 31, 2020	March 31, 2019
III Cash flows from financing activities		
Purchase of Treasury shares	(293)	(1,009)
Exercise of share options	318	317
Repayment of long-term borrowings	(668)	(670)
Dividend paid on equity shares including tax thereon	(601)	(694)
Payment for bonus issue expense	(13)	–
Repayment of lease liabilities	(25)	–
Interest paid	(7)	(26)
Net cash flow used in financing activities	(1,289)	(2,082)
IV Net increase in cash and cash equivalents (I + II + III)	453	2,122
V Effect of exchange differences on cash and cash equivalents held in foreign currency	240	44
VI Cash and cash equivalents at the beginning of the year	3,057	891
VII Cash and cash equivalents at the end of the year (IV + V + VI)	3,750	3,057
Reconciliation of cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents (Note 13)		
Balances with banks - on current accounts	3,142	3,048
- on unpaid dividend accounts*	8	9
- deposit with original maturity of less than 3 months	600	–
Balance as per statement of cash flows	3,750	3,057

* The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

The standalone cash flow statement reflects the combined cash flow pertaining to continued and discontinued operations. Refer note 39 for cash flow from discontinued operations.

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

	Opening balance April 1, 2019	Cash flows	Non-cash movement	Closing balance March 31, 2020
Borrowings (including current maturities)	714	(668)	(32)	14
Interest accrued but not due	1	–*	–	1
Total liabilities from financing activities	715	(668)	(32)	15

* Amounts are not presented since the amounts are rounded off to Rupees million.

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

1. Company Overview

1.1 Reporting entity

Biocon 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, 2020. These standalone financial statements were authorised for issuance by the Company's Board of Directors on May 14, 2020.

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

b) Functional and presentation currency

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

c) Basis of measurement

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

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

d) Use of estimates and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the 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(o) and 38 — Lease, whether an agreement contains a lease;
- Note 35 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 30 — Share based payments;
- Note 2(l) and 33 — Provision for income taxes and related tax contingencies and Evaluation of 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 ended March 31, 2020 is included in the following notes:

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

— Note 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;

— Fair value through other comprehensive income – equity investment; or

— Fair value through profit and loss (FVTPL)

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

vi. *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.

vii. *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.

viii. *Cash and cash equivalents*

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

Cash dividend to equity holders

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

b. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

ii. Depreciation

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

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Roads	5 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	
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 Cash Generating Unit (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 Group's 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 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 Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h. Employee benefits

i. Gratuity

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

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

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

ii. Provident Fund

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

iii. Compensated absences

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

iv. Share-based compensation

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

i. Provisions (other than for employee benefits)

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

Onerous contracts

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

j. Revenue from contracts with customers

i. Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised goods refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, 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 goods and services tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

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

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; and

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

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

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

m. Borrowing cost

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

n. 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.

o. Leases

(i) The Company as lessee:

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

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

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

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

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

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

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

(ii) The Company as a Lessor:

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

Transition

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

p. Operating cycle

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

q. Recent Indian Accounting Standards (Ind AS)

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

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

	Land [Refer note (a)]	Buildings	Leasehold improvements	Plant and equipment [Refer note (b) &(c)]	Research and development equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
Gross carrying amount									
At April 01, 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
Additions	–	382	–	1,055	75	36	10	1,558	2,156
Disposals/transfers [refer note (g)]	(368)	(12)	(3)	(6,984)	(367)	(107)	(2)	(7,843)	(3,182)
Transfer to investment property	(14)	(527)	–	–	–	–	–	(541)	–
At March 31, 2020	542	3,925	3	11,442	1,052	456	118	17,538	1,519
Accumulated depreciation									
At April 01, 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	–
Depreciation for the year [refer note (f)]	–	151	3	615	59	21	20	869	–
Disposals/transfers [refer note (g)]	–	(4)	(2)	(3,420)	(303)	(70)	(2)	(3,801)	–
Transfer to investment property	–	(193)	–	–	–	–	–	(193)	–
At March 31, 2020	–	1,491	3	8,178	818	383	75	10,948	–
Net carrying amount									
At March 31, 2019	924	2,545	4	6,388	282	95	53	10,291	2,545
At March 31, 2020	542	2,434	–	3,264	234	73	43	6,590	1,519

(a) Land includes land held on leasehold basis: Gross carrying amount ₹ Nil (March 31, 2019 - ₹ 368); Net carrying amount ₹ Nil (March 31, 2019 - ₹ 368). During the year this land has been reclassed to Right-of-use-assets as per Ind AS 116.

(b) Plant and equipment include computers and office equipment.

(c) Additions to property, plant and equipment includes additions related to research and development amounting to ₹ 143 (March 31, 2019 - ₹ 152).

(d) For details of security on certain property, plant and equipment, refer note 15(a).

(e) Borrowing cost Capitalised during the year amounted to ₹ Nil (March 31, 2019 - ₹ 3).

(f) Depreciation for the year includes amount pertaining to discontinued operations of ₹ 47 (March 31, 2019 ₹ 535)

(g) Disposals include disposal of assets relating to discontinued operations, refer note 39.

4(a). Investment property

Gross carrying amount	
At April 01, 2018	548
Transfer from property, plant and equipment	–
At March 31, 2019	**548**
Transfer from property, plant and equipment	541
At March 31, 2020	**1,089**
Accumulated depreciation	
At April 01, 2018	110
Depreciation for the year	19
Transfer from property, plant and equipment	–
At March 31, 2019	**129**
Depreciation for the year	42
Transfer from property, plant and equipment	193
At March 31, 2020	**364**
Net carrying amount	
At March 31, 2019	**419**
At March 31, 2020	**725**

(a) During the year, the Company has recognised rental income of ₹ 267 (March 31, 2019 ₹ 115) in the statement of profit and loss for investment property.

(b) The fair value of investment property as at March 31, 2020 is ₹ 2,130 (March 31, 2019 ₹ 474), based on market observable data.

4(b). Right-of-use assets

	Land	Buildings	Vehicles	Total
Gross carrying amount				
At April 01, 2019	–	–	–	–
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(o) and 38)]	368	–	–	368
Additions	6	9	32	47
Disposals/transfer [refer note (a)]	–	(6)	–	(6)
At March 31, 2020	**374**	**3**	**32**	**409**
Accumulated depreciation				
At April 01, 2019	–	–	–	–
Reclassified from property, plant and equipment	–	–	–	–
on account of adoption of Ind AS 116 [refer note 2(o)]	–	–	–	–
Disposals/transfer [refer note (a)]	–	(2)	–	(2)
Amortisation for the year	2	3	10	15
At March 31, 2020	**2**	**1**	**10**	**13**
Net carrying amount				
At March 31, 2020	**372**	**2**	**22**	**396**

(a) Disposals include disposal of assets relating to discontinued operations, refer note 39.

5. Intangible assets

	Intellectual property rights	Computer software	Marketing and Manufacturing rights	Customer related intangible	Total
Gross carrying amount					
At April 01, 2018	81	292	294	77	744
Additions	–	157	–	–	157
At March 31, 2019	**81**	**449**	**294**	**77**	**901**
Additions	–	36	–	–	36
Disposals [refer note (b)]	–	(37)	–	–	(37)
At March 31, 2020	**81**	**448**	**294**	**77**	**900**
Accumulated amortisation					
As at April 01, 2018	81	171	207	38	497
Amortisation for the year	–	61	30	12	103
At March 31, 2019	**81**	**232**	**237**	**50**	**600**
Disposals [refer note (b)]	–	(25)	–	–	(25)
Amortisation for the year [refer note (a)]	–	62	27	15	104
At March 31, 2020	**81**	**269**	**264**	**65**	**679**
Net carrying amount					
At March 31, 2019	**–**	**217**	**57**	**27**	**301**
At March 31, 2020	**–**	**179**	**30**	**12**	**221**

(a) Amortisation for the year includes amount pertaining to discontinued operations of ₹ 2 (March 31, 2019 ₹ 13).

(b) Disposals include disposal of assets relating to discontinued operations, refer note 39.

	March 31, 2020	March 31, 2019
6. Non-current investments		
I. Quoted equity instruments		
In subsidiary company at cost:		
Syngene International Limited - 282,712,241 (March 31, 2019 - 140,487,386) equity shares of ₹ 10 each	26,693	26,692
In others (at fair value through other comprehensive income):		
Vaccinex Inc.,USA - 299,226 (March 31, 2019 - 299,226) common stock of USD 0.0001 each	90	109
Total quoted non-current investments	**26,783**	**26,801**
II. Unquoted equity instruments		
In subsidiary companies at cost:		
Biocon Pharma Limited - 14,050,000 (March 31, 2019 - 14,050,000) equity shares of ₹ 10 each	141	141
Biocon Research Limited - Nil (March 31, 2019 - 500,000) equity shares of Re 1 each [refer note 43 (d)]	–	1
Biocon SA, Switzerland - 100,000 (March 31, 2019 - 100,000) equity shares of CHF 1 each	4	4
Biocon FZ LLC, UAE - 150 (March 31, 2019 - 150) equity shares of AED 1,000 each	3	3
Biocon Biologics Limited, UK - Nil (March 31, 2019 - 116,771,297) equity shares of GBP 1 each [refer note 43 (b)]	–	10,447
Biocon Academy - 50,000 (March 31, 2019 - 50,000) equity shares of ₹ 10 each	1	1
Biocon Biologics India Limited 200,105,424 (March 31, 2019 - 44,805,424) equity shares of ₹ 10 each [refer note 43 (d)]	449	448
Biocon Healthcare Sdn. Bhd., Malaysia -Nil (March 31, 2019 - 1,500,000) equity shares of RM 1 each [refer note 43 (e)]	–	24
Bicara Therapeutics Inc. -2,500,000 (March 31, 2019 - Nil) equity shares of USD 0.0001 each	–*	–
Biocon Biosphere Limited -50,000 (March 31, 2019 - Nil) equity shares of ₹ 10 each	1	–
In joint venture company at cost:		
NeoBiocon FZ LLC, UAE - 147 (March 31, 2019 - 147) equity shares of AED 1,000 each	2	2
In others at fair value through profit or loss:		
Energon KN Wind Power Private Limited - 38,500 (March 31, 2019 - 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	**601**	**11,071**

	March 31, 2020	March 31, 2019
III. Unquoted preference shares		
In subsidiary company at fair value through profit or loss:		
Biocon Biologics India Limited:		
4% Optionally convertible redeemable-non cumulative preference shares of ₹ 10 each 1,081,000,000 (March 2019 - Nil shares) fully paid	10,810	–
9% Non cumulative redeemable preference shares of ₹ 10 each 705,420,000 (March 2019 - Nil shares) fully paid	7,054	–
In subsidiary company at amortised cost:		
Biocon Pharma Limited: 276,058,963 (March 2019 - 189,290,547 shares)		
0.01% Optionally convertible Redeemable non- cumulative preference shares of ₹ 10 each fully paid.	1,686	1,156
Add: Debt component of financial instrument	1,206	769
	2,892	1,925
Total unquoted investments in preference shares in subsidiaries companies	20,756	1,925
In associate company at cost:		
IATRICa Inc., USA - 4,285,714 (March 31, 2019 - 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 at fair value through profit or Loss:		
Energon KN Wind Power Private Limited - 14,666 (March 31, 2019 - 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 in others	–	–
Total unquoted investments in preference shares	20,756	1,925
Total non-current investments	48,140	39,797
Aggregate book value of quoted investments	26,783	26,801
Aggregate market value of quoted investments	67,983	83,741
Aggregate value of unquoted investments	21,498	13,137
Aggregate amount of impairment in value of investments	141	141

(a) The Company has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.

* Amounts are not presented since the amounts are rounded off to Rupees million.

	March 31, 2020	March 31, 2019
7. Loans		
Unsecured considered good		
(a) Non-current		
Loans to related parties [refer note 32]	1,567	297
	1,567	297
(b) Current		
Loans to related parties [refer note 32]	1,006	918
	1,006	918
Loans to related parties comprise loans to the following:		
(i) Biocon Pharma Limited	1,567	293
Maximum amount outstanding during the year	1,567	1,175
(ii) Biocon Biologics India Limited [refer note 43 (d)]	1,006	4
Maximum amount outstanding during the year	1,478	487
(iii) Biocon Research Limited [refer note 43 (d)]	–	918
Maximum amount outstanding during the year	–	1,707

	March 31, 2020	March 31, 2019
8. Other financial assets		
(a) Non-current		
Fair value of hedging instruments	–	28
Deposits	193	200
	193	**228**
(b) Current		
Fair value of hedging instruments	3	22
Interest accrued but not due	4	38
Unbilled revenue	109	–
Other receivables (considered good - Unsecured) from:		
Related parties [refer note 32]	2,520	1,167
Others	4	1
	2,640	**1,228**
9. Other assets		
(a) Non-current		
Capital advances	104	168
Duty drawback receivables	74	80
Balances with statutory/government authorities	233	482
Prepayments	2	3
	413	**733**
(b) Current		
Advance to suppliers	256	224
Contract assets	50	–
Balances with statutory/government authorities	454	650
Prepayments	211	363
	971	**1,237**
10. Inventories		
Raw materials, including goods-in-bond*	2,223	1,834
Packing materials	62	674
Work-in-progress	1,311	3,361
Finished goods	1,751	1,941
Traded goods	–	209
	5,347	**8,019**

* includes goods in-transit ₹ 422 (March 31, 2019 - ₹ 83)

Write-down of inventories to net realisable value amounted to ₹ 73 (March 31, 2019 - ₹ 23). 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, 2020	March 31, 2019
11. Current investments		
Quoted - Investment in mutual funds at fair value through profit or Loss:		
Kotak Liquid Direct Plan Growth Plan : Nil Units (March 31, 2019: 20,287 Units)	–	77
Kotak Overnight-Direct-Growth : 39,019 Units (March 31, 2019 : Nil Units)	42	–
Reliance Liquid Fund - Direct Plan Growth Plan: Nil Units (March 31, 2019: 4,715 Units)	–	22
Reliance Money Market Fund Direct Growth Plan : Nil Units (March 31, 2019: 17,685 Units)	–	50
Nippon India Overnight Fund Direct Growth Plan : 807,256 Units (March 31, 2019 : Nil Units)	87	–
SBI Liquid Fund Direct Growth : Nil Units (March 31, 2019: 24,914 Units)	–	73
SBI Overnight Fund Direct Growth : 25,192 Units (March 31, 2019 : Nil Units)	82	–
HDFC Liquid Fund - Direct Plan Growth Option : Nil Units (March 31, 2019: 22,895 Units)	–	84
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan : Nil Units (March 31, 2019: 68,887 Units)	–	21
Aditya Birla sun Life Money Manager Fund - Growth - Direct Plan: Nil Units (March 31,2019: 199,535 Units)	–	50
Axis Liquid Fund - Direct Growth : Nil Units (March 31, 2019: 39,749 Units)	–	82
ICICI Prudential Liquid Fund - Growth : Nil Units (March 31, 2019: 279,232 Units)	–	77
ICICI Prudential Overnight Fund Direct Plan Growth : 869,099 Units (March 31, 2019 : Nil Units)	94	–
Aditya Birla Sun Life Liquid Fund - Daily Dividend Reinvestment - Direct Plan : Nil Units (March 31, 2019: 109,796 Units)	–	12
UTI Liquid Cash Plan - Direct Growth Plan : Nil Units (March 31, 2019: 28,187 Units)	–	86
UTI Overnight Fund Direct Growth Plan : 33,745 Units (March 31, 2019: Nil Units)	92	–
Axis Overnight Fund Growth Direct : 16,392 Units (March 31, 2019: Nil Units)	17	–
HDFC Overnight Funds Direct Plan Growth Option : 16,747 Units (March 31, 2019: Nil Units)	49	–
Aditya Birla Sun Life Overnight Funds Growth Direct Plan : 39,243 Units (March 31, 2019 : Nil Units)	42	–
Aditya Birla Sun Life Overnight Fund Daily Dividend Direct Plan Reinvestment : 18,673 Units (March 31, 2019 : Nil Units)	19	–
ICICI Prudential Overnight Fund Direct Plan Daily Dividend: 200,695 Units (March 31, 2019 : Nil Units)	20	–
Nippon India Overnight Fund Direct Daily Dividend Plan : 266,692 Units (March 31, 2019: Nil Units)	27	–
UTI Overnight Fund-Direct Periodic Dividend Plan Payout : 11,166 Units (March 31, 2019 : Nil Units)	17	–
Total quoted - investment in mutual funds	**588**	634
Unquoted		
In others - at amortised cost:		
Inter corporate deposits with financial institutions:		
HDFC Ltd - interest rate 7.95% p.a compounded quarterly matured on May 30, 2019	–	500
HDFC Ltd - interest rate 6.4% p.a maturing on July 27, 2020	400	–
HDFC Ltd - interest rate 5.6% p.a maturing on June 01, 2020	400	–
	800	500
Total current investments	**1,388**	1,134
Aggregate value of quoted investments	588	634
Aggregate value of unquoted investments	800	500

	March 31, 2020	March 31, 2019
12. Trade receivables		
(a) Trade Receivables considered good - Unsecured [refer note 32]	5,732	9,018
(b) Trade Receivables - credit impaired	34	88
	5,766	9,106
Allowance for credit loss	(34)	(88)
	5,732	9,018
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
The Company's exposure to credit and currency risks, and loss allowances are disclosed in refer note 36.		
13. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	3,142	3,048
On unpaid dividend account	8	9
Deposits with original maturity of less than 3 months	600	–
Total cash and cash equivalents	3,750	3,057
Other bank balances		
Deposits with maturity of less than 12 months	–	500
Margin money deposit [refer note (a) below]	3	3
Total other bank balances	3	503
Total cash and bank balances	3,753	3,560

(a) Margin money deposits with carrying amount of ₹ 3 (March 31, 2019 - ₹ 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, 2020	March 31, 2019
14(a). Equity share capital		
Authorised		
1,200,000,000 (March 31, 2019 - 600,000,000) equity shares of ₹ 5 each (March 31, 2019 - ₹ 5 each)	6,000	3,000
Issued, subscribed and fully paid-up		
1,200,000,000 (March 31, 2019 - 600,000,000) equity shares of ₹ 5 each (March 31, 2019 - ₹ 5 each)	6,000	3,000

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

Equity shares	March 31, 2020		March 31, 2019	
	No.	₹	No.	₹
At the beginning of the year	600,000,000	3,000	600,000,000	3,000
Issue of bonus shares	600,000,000	3,000	–	-
Outstanding at the end of the year	1,200,000,000	6,000	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, 2020		March 31, 2019	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Kiran Mazumdar-Shaw	475,725,384	39.64%	237,862,692	39.64%
Glentec International Limited	237,211,164	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				
	2020	2019	2018	2017	2016
Equity shares of ₹ 5 each	600,000,000	–	400,000,000	–	–

The Company had allotted 600,000,000 equity shares of ₹ 5 each fully paid up as bonus shares on June 19, 2019 in the ratio of 1:1 (one 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 13, 2019) by capitalisation of securities premium and general reserve. In accordance with Ind AS 33, the Earnings per share data adjusted to give effect to the bonus issue.

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.

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	March 31, 2020	March 31, 2019
15. Long-term borrowings		
Loans from banks (secured)		
Term loan [Refer Note (a) below]	–	693
Other loans and advances (unsecured)		
Financial assistance from DST [Refer Note (b) below]	14	21
	14	714
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(7)	(700)
	7	14
The above amount includes		
Secured borrowings	–	693
Unsecured borrowings	14	21
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(7)	(700)
Net amount	7	14

(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 was secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility. The long-term loan was repaid in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carried an interest rate of LIBOR + 0.81% p.a. The loan was repaid during the year.

(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.

(c) The Company's exposure to liquidity, interest rate and currency risks are disclosed in note 36.

	March 31, 2020	March 31, 2019
16. Other financial liabilities		
(a) Non-current		
Fair value of hedging instruments	26	–
	26	–
(b) Current		
Current maturities of long-term borrowings [refer note 15]	7	700
Unpaid dividends	8	9
Payables for capital goods	544	698
Interest accrued but not due	1	1
Book overdraft	151	356
Fair value of hedging instruments	9	7
	720	1,771

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	March 31, 2020	March 31, 2019
17. Provisions		
(a) Non-current		
Provision for employee benefits:		
Gratuity [refer note 35]	214	248
	214	248
(b) Current		
Provision for employee benefits:		
Gratuity [refer note 35]	83	135
Compensated absences	161	277
Provision for sales return	–	136
	244	548

	Gratuity	Compensated absences	Sales return
(i) Movement in provisions			
Opening balance	383	277	136
Provision recognised/(utilised) during the year	70	(27)	–
Transferred to discontinued operations (refer note 39)	(156)	(89)	(136)
Closing balance	297	161	–

	March 31, 2020	March 31, 2019
18. Deferred tax liability/(assets) (net)		
Deferred tax liability		
Property, plant and equipment, investment property and intangible assets	468	546
Derivative asset	–	15
Gross deferred tax liability	468	561
Deferred tax assets		
Employee benefit obligations	235	229
Derivative asset	11	–
Allowance for doubtful debts	12	31
Other disallowable expenses	127	187
Deferred revenue	42	92
MAT credit entitlement	1,629	1,816
Others	207	225
Gross deferred tax assets	2,263	2,580
Net deferred tax liability/(assets)	(1,795)	(2,019)
19. Other liabilities		
(a) Non-current		
Deferred revenues	182	1,055
	182	1,055
(b) Current		
Deferred revenues	74	140
Advances from customers	95	87
Statutory taxes and dues payable	83	145
	252	372

	March 31, 2020	March 31, 2019
20. Trade payables		
Trade payables [refer note (a) below and note 32]		
Total outstanding dues of micro and small enterprises	75	154
Total outstanding dues of creditors other than micro and small enterprises	5,137	6,285
Trade payables	**5,212**	**6,439**
(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	75	154
Interest due on the above	–	2
(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.	488	546
(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.	5	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.	57	52

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, 2020	Year ended March 31, 2019
21. Revenue from operations		
Sale of products		
Finished goods	18,095	16,797
Traded goods	22	35
Sale of services		
Licensing and development fees	34	10
Other operating revenue		
Sale of process waste	158	142
Others [refer note (a) below]	1,575	873
Revenue from operations	19,884	17,857

(a) Others include, rentals and cross charge of research and development, power and other facilities by the SEZ Developer/SEZ unit of the Company.

	Year ended March 31, 2020	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		
India	9,130	12,672
Brazil	2,081	2,792
United States of America	2,989	1,987
Mexico	406	1,131
Rest of the world	5,281	7,820
Total revenues by Geography	19,887	26,402
Less: Revenues by Geography pertains to discontinued operation:		
India	1,602	5,703
Brazil	–	180
United States of America	–	657
Mexico	–	480
Rest of the world	134	2,540
Revenues by Geography for discontinued operations	1,736	9,560
Revenues by Geography for continuing operations	18,151	16,842
Revenue from other sources		
Other operating revenue	1,834	2,445
Less: Amount pertains to discontinued operations	101	1,430
	1,733	1,015
Total revenue from continuing operations	19,884	17,857
Total revenue from discontinued operations	1,837	10,990
Total revenue from operations	21,721	28,847
Geographical revenue is allocated based on the location of the customers.		

	March 31, 2020	March 31, 2019
21.2 Changes in contract liabilities:		
Balance at the beginning of the year	1,282	947
Add:- Adjustment in opening reserve on transition to Ind AS 115	–	217
Add:- Increase due to invoicing during the year	219	367
Less:- Amount recognised as revenue/other adjustments during the year	(252)	(249)
Less:- Transferred to discontinued operations	(898)	–
Balance at the end of the year	**351**	**1,282**
Expected revenue recognition from remaining performance obligations:		
- within one year	169	227
- More than one year	182	1,055
	351	**1,282**
21.3 Contract balances		
Trade receivables	5,732	9,018
Unbilled revenue	159	–
Contract liabilities	351	1,282
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)].

	Year ended March 31, 2020	Year ended March 31, 2019
22. Other income		
Interest income on:		
Deposits with banks and financial institutions	21	159
Others	241	231
Dividend income from		
Subsidiary and associate	140	357
Net gain on sale of current investments	42	173
Profit on property, plant and equipment sold, (net)	–	1
Foreign exchange gain, net	317	53
Other non-operating income	1,256	115
	2,017	**1,089**
23. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year from continuing operation	1,387	777
Add: Purchases	9,480	9,176
Less: Inventory at the end of the year from continuing operation	(2,285)	(1,387)
Cost of raw materials and packing materials consumed	**8,582**	**8,566**

	Year ended March 31, 2020	Year ended March 31, 2019
24. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year:		
Traded goods	209	292
Finished goods	1,941	1,325
Work-in-progress	3,361	2,423
	5,511	**4,040**
Inventory at the beginning of the year pertaining to discontinued operation:		
Traded goods	209	199
Finished goods	1,005	1,076
Work-in-progress	1,549	708
	2,763	**1,983**
Inventory at the end of the year:		
Traded goods	–	209
Finished goods	1,751	1,941
Work-in-progress	1,311	3,361
	3,062	**5,511**
Inventory at the end of the year pertaining to discontinued operation:		
Traded goods	–	209
Finished goods	–	1,005
Work-in-progress	–	1,549
	–	**2,763**
	(314)	**(691)**
25. Employee benefits expense		
Salaries, wages and bonus	2,661	2,441
Contribution to provident and other funds	177	88
Gratuity [refer note 35]	44	35
Share based compensation expense [refer note 30]	263	98
Staff welfare expenses	303	229
	3,448	**2,891**
26. Finance costs		
Interest expense on financial liability measured at amortised cost	7	26
Interest on finance lease [refer note 38]	5	–
	12	**26**
27. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3 and 4]	864	833
Amortisation of intangible assets [refer note 5]	102	90
Amortisation of finance lease assets [refer note 38]	14	–
	980	**923**

	Year ended March 31, 2020	Year ended March 31, 2019
28. Other expenses		
Royalty and technical fees	2	–
Rent	7	7
Communication expenses	23	27
Travelling and conveyance	139	173
Professional charges	219	322
Payments to auditors [refer note (a) below]	7	7
Directors' fees including commission	26	30
Power and fuel	1,933	1,524
Insurance	149	59
Rates, taxes and fees	116	107
Lab consumables	154	160
Repairs and maintenance		
Plant and machinery	558	471
Buildings	111	89
Others	360	323
Selling expenses		
Freight outwards and clearing charges	165	176
Sales promotion expenses	35	47
Commission and brokerage (other than sole selling agents)	99	96
Bad debts written off	–	2
Provision/(reversal) for doubtful debts, net	(12)	9
Net loss on financial assets measured at fair value through profit or loss	2	27
Printing and stationery	33	41
Research and development expenses [refer note 29]	1,064	1,132
CSR expenditure [refer note 42]	79	84
Miscellaneous expenses	59	69
	5,328	4,982
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	3	4
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]	1	–
	7	7
(b) Amounts are not presented since the amounts are rounded off to Rupees million.		
29. Research and development expenses		
Research and development expenses (a)	1,088	1,530
Other Research and development expenses included in other heads of account:		
Salaries, wages and bonus	341	213
Contribution to provident and other funds	14	11
Staff welfare expenses	3	2
Lab consumables	156	255
Travelling and conveyance	2	2
Printing and stationery	–	1
(b)	516	484
(a+b)	1,604	2,014
Less: Recovery of product development costs from co-development partners, net	(29)	(121)
	1,575	1,893

Note: Research and development expenses includes ₹ 26 (March 31, 2019 ₹ 376) pertaining to discontinued operations.

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, 2020		March 31, 2019	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	601,750	67	670,497	126
Granted during the year	–	–	–	–
Forfeited during the year	(90,000)	53	–	–
Exercised during the year	(424,750)	68	(369,622)	120
Expired during the year	–	–	–	–
Outstanding at the end of the year	87,000	75	300,875	134
Exercisable at the end of the year	87,000	75	114,875	113
Weighted average remaining contractual life (in years)	0.1	–	0.8	–
Range of exercise prices for outstanding options at the end of year	73–77	–	91–157	–

* adjusted for the effect of bonus shares

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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 fouth 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, 2020		March 31, 2019	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,334,100	79	1,716,050	157
Granted during the year	–	–	–	–
Forfeited during the year	–	–	(1,125)	157
Exercised during the year	(1,301,100)	78	(1,047,875)	157
Expired during the year	–	–	–	–
Outstanding at the end of the year	33,000	78	667,050	157
Exercisable at the end of the year	33,000	78	667,050	157
Weighted average remaining contractual life (in years)	0.3	–	0.4	–
Weighted average fair value of options granted (₹)	–	–	–	–
Range of exercise prices for outstanding options at the end of year	78	–	157	–

* adjusted for the effect of bonus shares

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 fouth 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, 2020		March 31, 2019	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	4,628,400	80	3,102,725	161
Granted during the year	–	–	90,000	178
Forfeited during the year	(435,750)	76	(491,625)	155
Exercised during the year	(800,375)	77	(386,900)	154
Expired during the year	–	–	–	–
Outstanding at the end of the year	3,392,275	81	2,314,200	160
Exercisable at the end of the year	600,025	80	91,200	152
Weighted average remaining contractual life (in years)	2.3	–	3.2	–
Weighted average fair value of options granted (₹)	–	–	74	–
Range of exercise prices for outstanding options at the end of year	69–124	–	138–247	–

* adjusted for the effect of bonus shares

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, 2020		March 31, 2019	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,041,000	81	727,500	161
Granted during the year	–	–	30,000	142
Forfeited during the year	(40,500)	124	(72,000)	115
Exercised during the year	(289,000)	74	(165,000)	152
Expired during the year	–	–	–	–
Outstanding at the end of the year	711,500	80	520,500	162
Exercisable at the end of the year	368,000	77	78,000	152
Weighted average remaining contractual life (in years)	1.4	–	2.3	–
Weighted average fair value of options granted (₹)	–	–	59	–
Range of exercise prices for outstanding options at the end of year	71–124	–	142–247	–

* adjusted for the effect of bonus shares

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, 2020		March 31, 2019	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	7,807,500	122	2,745,000	183
Granted during the year	1,755,000	129	1,920,000	316
Forfeited during the year	(2,182,500)	109	(761,250)	200
Exercised during the year	(28,688)	–	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	7,351,312	127	3,903,750	244
Exercisable at the end of the year	78,562	131	–	–
Weighted average remaining contractual life (in years)	5.2	–	5.8	–
Weighted average fair value of options granted (₹)	165	–	407	–
Range of exercise prices for outstanding options at the end of year	69–173	–	138–346	–

* adjusted for the effect of bonus shares

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 fouth 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, 2020		March 31, 2019	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	4,932,870	117	1,485,750	163
Granted during the year	3,341,250	157	1,353,750	302
Forfeited during the year	(436,499)	131	(219,000)	228
Exercised during the year	(826,863)	100	(154,065)	153
Expired during the year	–	–	–	–
Outstanding at the end of the year	7,010,758	137	2,466,435	234
Exercisable at the end of the year	597,132	124	90,060	155
Weighted average remaining contractual life (in years)	3.0	–	3.6	–
Weighted average fair value of options granted (₹)	192	–	370	–
Range of exercise prices for outstanding options at the end of year	62–167	–	124–330	–

* adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2020 is ₹ 267 (March 31, 2019 - ₹ 626) per share after adjusting for the impact of bonus shares granted during the year

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

Particulars	March 31, 2020	March 31, 2019
Weighted Average Exercise Price	78-167	142-346
Expected volatility	32.2% to 36.5%	32.3% to 35.6%
Historical volatility	34.9%	34.8%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Average risk-free interest rate	6.3%	7.6%
Expected dividend rate	0.8%	0.9%

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, 2020		March 31, 2019	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,564,262	–	1,049,394	–
Granted during the year	–	–	–	–
Forfeited during the year	(174,399)	–	(71,747)	–
Exercised during the year	(639,044)	–	(195,516)	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	750,819	–	782,131	–
Exercisable at the end of the year	295,780	–	116,398	–
Weighted average remaining contractual life (in years)	3.1	–	2.7	–
Weighted average fair value of options granted (₹)	–		–	

* adjusted for the effect of bonus shares

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

Particulars	March 31, 2020	March 31, 2019
Weighted Average Exercise Price	–	–
Expected volatility	–	–
Life of the options granted (vesting and exercise period) in years	–	–
Average risk-free interest rate	–	–
Expected dividend rate	–	–

(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. For this purpose on January 8, 2020, the Company transferred 2,161,904 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. Exercise price of RSUs will be ₹ 10 per option.

Particulars	March 31, 2020		March 31, 2019	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,682,750	10	–	–
Granted during the year	587,877	10	1,682,750	10
Forfeited during the year	(278,513)	10	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	1,992,114	10	1,682,750	10
Exercisable at the end of the year	–	–	–	–
Weighted average remaining contractual life (in years)	5.3	–	6.8	–
Weighted average fair value of options granted (₹)	15.2		10	

In addition to the above grants, the company during the year March 31, 2019 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, 2020	March 31, 2019
Weighted Average Exercise Price	10	10
Expected volatility	32.2% to 36.5%	32.3% to 35.6%
Life of the options granted (vesting and exercise period) in years	7	7
Average risk-free interest rate	6.3%	7.6%
Expected dividend rate	0%	0%

Particulars	March 31, 2020*	March 31, 2019
Summary of movement in respect of shares held by ESOP Trust is as follows:		
Opening balance	17,170,448	9,005,047
Add: Shares purchased by the ESOP trust	1,312,200	1,703,639
Less: Shares exercised by employees	(3,670,776)	(2,123,462)
Closing balance	**14,811,872**	**8,585,224**
Options granted and eligible for exercise at end of the year	1,763,719	1,041,185
Options granted but not eligible for exercise at end of the year	16,822,126	9,131,625
*adjusted for the effect of bonus shares		
Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:		
Opening balance	3,192,778	1,791,905
Less: Shares exercised by employees	(639,044)	(195,516)
Less: Shares sold by the RSU Trust	(812,249)	–
Closing balance	**1,741,485**	**1,596,389**
Options granted and eligible for exercise at end of the year	295,780	116,398
Options granted but not eligible for exercise at end of the year	455,039	665,733
Summary of movement in respect of equity shares of BBIL held by the RSU Trust is as follows:		
Opening balance	–	–
Add: Shares purchased by the RSU Trust from Biocon Limited	2,161,904	–
Closing balance	**2,161,904**	**–**
Options granted and eligible for exercise at end of the year	–	–
Options granted but not eligible for exercise at end of the year	1,512,369	–

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	March 31, 2020	March 31, 2019*
31. Earnings per share (EPS)		
Earnings		
Profit for the year		
- From Continuing operations	4,363	3,783
- From Discontinued operations	46	1,144
Shares		
Basic outstanding shares	1,200,000,000	1,200,000,000
Less: Weighted average shares held with the ESOP Trust	(15,869,486)	(16,643,386)
Weighted average shares used for computing basic EPS	**1,184,130,514**	**1,183,356,614**
Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	3,163,963	7,773,190
Weighted average shares used for computing diluted EPS	**1,187,294,477**	**1,191,129,804**
Earnings per share for continuing operations:		
Basic (in ₹)	3.68	3.20
Diluted (in ₹)	3.67	3.18
Earnings per share for discontinued operations:		
Basic (in ₹)	0.04	0.97
Diluted (in ₹)	0.04	0.96
Earnings per share for continuing and discontinued operations:		
Basic (in ₹)	3.72	4.17
Diluted (in ₹)	3.71	4.14

* adjusted for the effect of bonus shares

32. Related party transactions

List of related parties:

Particulars	Nature of relationship
Key management personnel	
Kiran Mazumdar-Shaw	Chairperson & Managing Director#
Arun Chandavarkar	Joint Managing Director & CEO (w.e.f April 24, 2014, upto November 30, 2019)
Siddharth Mittal	Joint Managing Director & CEO (effective from December 1, 2019)#
Siddharth Mittal	President - Finance & Chief Financial Officer (upto November 30, 2019)
Satish Kumar S S	Company Secretary (w.e.f Sep 01, 2018 upto March 15, 2019)
Mayank Verma	Company Secretary (w.e.f. July 25, 2019)
Russell Walls	Independent director (upto July 26, 2019)
Daniel M Bradbury	Independent director
Jeremy M Levin	Independent director (upto January 23, 2020)
Mary Harney	Independent director
Vijay K Kuchroo	Independent director
M Damodaran	Independent director
Bobby K Parikh	Independent director
John Shaw	Non-executive director
Ravi Mazumdar	Non-executive director

Particulars	Nature of relationship
Subsidiaries	
Syngene International Limited	Subsidiary
Syngene USA Inc.	Wholly-owned subsidiary of Syngene International Limited
Biocon Research Limited	Wholly-owned subsidiary [refer note 43(d)] (merged with Biocon Biologics India Limited w.e.f April 01, 2019)
Biocon Pharma Limited	Wholly-owned subsidiary
Biocon Biologics India Limited	Subsidiary
Biocon Academy	Wholly-owned subsidiary
Biocon SA	Wholly-owned subsidiary
Biocon Biologics Limited	Wholly-owned subsidiary of Biocon Biologics India Limited (w.e.f. May 29, 2019)
Biocon FZ LLC	Wholly-owned subsidiary
Biocon Healthcare Sdn. Bhd.	Wholly-owned subsidiary of Biocon Biologics Limited (w.e.f. March 2, 2020)
Biocon Biosphere Limited	Wholly-owned subsidiary
Bicara Therapeutics Inc.	Wholly-owned subsidiary
Biocon Pharma Inc	Wholly-owned subsidiary of Biocon Pharma Limited
Biocon Sdn.Bhd.	Wholly-owned subsidiary of Biocon Biologics Limited
Biocon Pharma Ireland Limited	Wholly-owned subsidiary of Biocon Pharma Limited
Biocon Pharma UK Limited	Wholly-owned subsidiary of Biocon Pharma Limited
Biocon Biologics Inc.	Wholly-owned subsidiary of Biocon Biologics 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 a director
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors
Jeeves	Enterprise in which relative of a director of the Company is proprietor

The Company has the following related parties transactions

Particulars	Transaction / Balances	March 31,2020	March 31,2019
Key management personnel	Salary and perquisites [refer note (d) & (e) below]	127	90
	Sitting fees and commission	26	30
	Sale of Vehicle	–	1
	Sale of equity shares of Biocon Biologics India Limited	–	3
	Outstanding as at the year end:		
	- Trade and other payables	1	3
Subsidiaries	Sale of goods/other products	1,195	2,686
	Sales on behalf of a subsidiary	1,248	–
	Purchases on behalf of a subsidiary	1,250	–
	Rent income [refer note (b) below]	267	115
	Licensing and development fees	557	–
	Dividend income	596	141
	Cross charges towards facility and other expenses [refer note (a) &(b)]	2,622	2,462
	Interest income	232	194
	Expenses incurred on behalf of related party	412	245

Particulars	Transaction / Balances	March 31,2020	March 31,2019
	Guarantee income	26	30
	Research services received	415	1,272
	Purchase of goods	630	818
	Purchase of export incentive scrips	–	33
	Royalty expense	2	74
	Professional charges	21	49
	Sale of Business	7,675	–
	CSR expenditure	52	43
	Expenses incurred by related party on behalf of the Company [refer note (a)]	–	14
	Funding paid towards Property, plant and equipment	–	67
	Funding received towards Property, plant and equipment	56	282
	Transfer of Capital work in progress	35	–
	Investment in equity shares	8	1,218
	Investment in preference shares	18,732	1,893
	Sale of Equity shares	10,810	–
	Loans given/(repaid), net [refer note (g) below]	1,358	(1,602)
	Outstanding as at the year end:		
	- Trade and other receivables	3,983	3,725
	- Trade and other payables	936	666
	- Loans receivable [refer note (g) below]	2,573	1,215
	Guarantee given on behalf of related party	18,678	14,826
Joint venture	Sale of goods	–	5
	Expenses incurred on behalf of the related party	5	1
	Dividend income	–	216
	Outstanding as at the year end:		
	- Trade and other receivables	5	2
Other related parties	Sale of goods	30	83
	CSR expenditure	27	41
	Expenses incurred on behalf of the related party	1	–
	Other expenses	24	32
	Expenses towards Scientific and Research services	1	2
	Sale of equity shares of Biocon Biologics India Limited	–	–*
	Outstanding as at the year end:		
	- Trade and other receivables	6	3
	- Trade and other payables	1	–

* Amounts are not presented since the amounts are rounded off to Rupees million.

Ms. Kiran Mazumdar-Shaw is an Executive Chairperson and Mr. Siddharth Mittal is Managing Director and CEO of Biocon Limited effective from April 1, 2020.

(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 Biologics India 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 ₹ 15 (March 31, 2019 - ₹ 8), 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.

(h) The above disclosures includes related party transactions pertaining to discontinued operations.

	March 31, 2020	March 31, 2019
33. Tax expense		
(a) **Amount recognised in Statement of profit and loss**		
Current tax:		
- From continuing operations	857	1,230
- From discontinued operations	42	189
Deferred tax expense/(income) related to:		
MAT credit utilisation/ (entitlement)	187	(684)
Origination and reversal of temporary differences:		
- From continuing operations	75	(99)
- From discontinued operations	29	(42)
Tax expense for the year	**1,190**	**594**
(b) **Reconciliation of effective tax rate**		
Profit before tax and exceptional items		
- From continuing operations	3,885	2,243
- From discontinued operations	117	1,291
Add: Exceptional items, net	1,597	1,987
Profit before tax	5,599	5,521
Tax at statutory income tax rate 34.94% (March 31, 2019 - 34.94%)	1,956	1,929
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Weighted deduction on research and development expenditure	(322)	(338)
Exempt income and other deductions	(428)	(374)
Non-deductible expense	123	89
Income from sale of investments, exempt from tax	(90)	(694)
Basis difference that will reverse during the tax holiday period	(3)	(47)
Others	(46)	29
Income tax expense	**1,190**	**594**
(c) **Tax losses**		
Unused tax losses for which no deferred tax asset has been recognised	239	230
Potential tax impact	24	23
Expiry date [Financial year]	2022-23 to 2026-27	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, 2020	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	546	–	(78)	–	468
Derivative assets	15	–	–	(15)	–
Gross deferred tax liability	**561**	**–**	**(78)**	**(15)**	**468**
Deferred tax assets					
Defined benefit obligations	229	–	(27)	33	235
Derivative assets	–	–	0	11	11
Allowance for doubtful debts	31	–	(19)	–	12
Other disallowable expenses	187	–	(60)	–	127
MAT credit entitlement	1,816	–	(187)	–	1,629
Deferred revenue	92		(50)	–	42
Others	225	1	(26)	7	207
Gross deferred tax assets	**2,580**	**1**	**(369)**	**51**	**2,263**
Net deferred tax assets	**2,019**	**1**	**(291)**	**66**	**1,795**

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**
Net deferred tax assets	**1,022**	**76**	**825**	**96**	**2,019**

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	March 31, 2020	March 31, 2019
34. Contingent liabilities and commitments		
(to the extent not provided for)		
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	1,790	3,390
The above includes:		
(i) Direct taxation	684	2,177
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty, service tax, VAT and CST)	701	808
(iii) Other matters	405	405

The Company is subject to complexities with respect to various tax positions on deductibility of transactions and availability of tax incentives / exemptions, impact of group restructuring and on cross border transfer pricing arrangements. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.

Other than the matter disclosed above, the Company is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

	March 31, 2020	March 31, 2019
(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.	9,025	10,726
Biocon Pharma Limited	1,122	1,387
Biocon Biologics India Limited	8,383	2,565
Total	18,530	14,678
(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
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,569	1,041

(b) During the current year, the Company and BBIL has entered into an agreement with Activ Pine LLP ('Investor) whereby the Investor has infused money against issuance of equity shares of a subsidiary company, BBIL. As per the agreement, the Company will be required to provide various options to enable the Investor to exit over a period of time. In the event, such exit events do not occur, the Investor may require the Company, to buy them out at certain prices agreed under the arrangement.

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, 2019	**432**	**(49)**	**383**
Current service cost	32	–	32
Interest expense/(income)	19	(3)	16
Amount recognised in Statement of profit and loss *	**51**	**(3)**	**48**
Liability transferred in/ Acquisitions	5	–	5
Liability transferred out/ Divestments	(158)	–	(158)
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/ (income)	–	(1)	(1)
Actuarial (gain)/loss arising from:			
Demographic assumptions	–	–	–
Financial assumptions	19	–	19
Experience adjustment	33	–	33
Amount recognised in other comprehensive income	**52**	**(1)**	**51**
Employers contribution	–	12	12
Benefits paid	(43)	–	(43)
Balance as at March 31, 2020	**338**	**(41)**	**297**

	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:			
Demographic assumptions	–	–	–
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**

	March 31, 2020	March 31, 2019
Non-current	214	248
Current	83	135
	297	383

* including amount pertaining to discontinued operations.

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

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

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

The weighted average duration of the defined benefit obligation was 6 years (March 31, 2019 - 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, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% Change)	(16)	18	(20)	22
Salary increase (1% Change)	18	(16)	22	(20)
Attrition rate (1% Change)	(4)	4	(4)	4

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, 2020 and March 31, 2019, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2021, is approximately ₹ 66 (March 31, 2020 - ₹ 88)

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	66
2nd Following year	35
3rd Following year	33
4th Following year	34
5th Following year	32
Years 6 to 10	132
Years 11 and above	152

36. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2020	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Non-current investments	17,864	90	30,186*	48,140	90	–	17,864#	17,954
Loans	–	–	2,573	2,573	–	–	–	–
Current investments	588	–	800	1,388	588	–	–	588
Trade receivables	–	–	5,732	5,732	–	–	–	–
Cash and bank balances	–	–	3,753	3,753	–	–	–	–
Other financial asset	–	3	2,830	2,833	–	3	–	3
	18,452	**93**	**45,874**	**64,419**	**678**	**3**	**17,864**	**18,545**
Financial liabilities								
Lease liabilities	–	–	30	30	–	–	–	–
Borrowings	–	–	14	14	–	–	–	–
Trade payables	–	–	5,212	5,212	–	–	–	–
Other financial liabilities	–	35	704	739	–	35	–	35
	–	**35**	**5,960**	**5,995**	**–**	**35**	**–**	**35**

March 31, 2019	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Non-current investments	–	109	39,688*	39,797	109	–	–	109
Loans	–	–	1,215	1,215	–	–	–	–
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**

* Investment in equity shares in subsidiaries and joint venture and investment in preference shares of associates has been accounted at cost as per Ind AS 27 "Consolidated and Separate Financial Statements".

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

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 in other comprehensive income (OCI).

Significant observable inputs	March 31, 2020 Profit or (loss)		March 31, 2019 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(27)	27	(4)	4
Interest rates (100 bps movement)	-	-	(6)	6

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 ₹ 5,732 (March 31, 2019: ₹ 9,018). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	March 31, 2020	March 31, 2019
Opening balance	88	73
Impairment loss recognised	2	17
Impairment loss reversed/transferred	(56)	(2)
Closing balance	34	88

Note: Impairment loss reversed/transferred includes ₹ 42 pertaining to discontinued operations.

Receivable from two customers of the Company's trade receivables is ₹ 1,893 (March 31, 2019 one customer - ₹ 1,060) 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, 2020:

Particulars	Less than 1 year	1 - 2 years	2-5 years	Total
Long-term borrowings	7	7	–	14
Trade payables	5,212	–	–	5,212
Other financial liabilities	730	39	6	775
Total	5,949	46	6	6,001

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	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

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

March 31, 2020	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,512	131	4	2,647
Cash and cash equivalents	2,604	283	11	2,898
Other current financial assets	42	–	2	44
Financial liabilities				
Long-term borrowings	–	–	–	–
Trade payables	(1,668)	(18)	(14)	(1,700)
Other current financial liabilities	(57)	(4)	–	(61)
Net assets/(liabilities)	3,433	392	3	3,828

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

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
INR/USD - Increase by 1%	34	51	8	51
INR/USD - Decrease by 1%	(34)	(51)	(8)	(51)
EUR Sensitivity				
INR/EUR - Increase by 1%	4	3	3	_*
INR/EUR - Decrease by 1%	(4)	(3)	(3)	_*

* 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:

(in Million)

Particulars	March 31, 2020	March 31, 2019
European style range forward contracts with periodical maturity dates	USD 50	USD 61
European style range forward contracts with periodical maturity dates	EUR 1	EUR 7

Cash flow and fair value interest rate risk

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

(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, 2020	March 31, 2019
Variable rate borrowings	–	693
Fixed rate borrowings	14	21
Total borrowings	14	714

(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, 2020 and March 31, 2019 was as follows:

Particulars	March 31, 2020	March 31, 2019
Total equity attributable to the equity shareholders of the Company	75,373	71,154
As a percentage of total capital	100%	99%
Long-term borrowings	14	714
Total borrowings	**14**	**714**
As a percentage of total capital	0%	1%
Total capital (Equity and Borrowings)	**75,387**	**71,868**

38. Lease

The Company has entered into lease agreements for use of land, buildings and vehicles which expires over a period ranging upto the year of 2117. Gross payments for the year aggregate to ₹ 25.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. On transition, the adoption of the standard resulted in recognition of Right-of-use-assets (ROU) of ₹ 47 and a lease liability of ₹ 51 ,net of tax. The cumulative effect of applying the standard resulted in ₹ 3 being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit before tax, profit for the year and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

(i) The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	March 31, 2020			
	Land	Buildings	Vehicles	Total
Balance as at April 01, 2019 on account of adoption of Ind AS 116	–	–	–	–
Balance as the beginning	–	–	–	–
Additions on account of adoption of Ind AS 116	6	13	32	51
Finance cost accrued during the year	1	1	3	5
Disposals/transfer*	–	(1)	–	(1)
Payment of lease liabilities	(2)	(11)	(12)	(25)
Balance as at March 31, 2020	**5**	**2**	**23**	**30**

*Disposals include disposal of assets relating to discontinued operations, refer note 39.

	March 31, 2020
(ii) The following is the breakup of current and non current lease liability as at March 31, 2020:	
Current lease liabilities	4
Non current lease liabilities	26
	30

	March 31, 2020
(iii) The table below provides details regarding the contractual maturities of lease liabilities as on March 31, 2020, on an undiscounted basis:	
Less than one year	4
More than one less than five year	32
More than five years	–
Total	36
(iv) The following are the amounts recognised in the statement of Profit or Loss for the year ended March 31, 2020:	
Depreciation expenses on right of use-assets [refer note (a)]	15
Interest expenses on lease liabilities	5
Total amount recognised in Profit or loss	20

(a) Depreciation includes ₹ 1 amount pertaining to discontinued operations.

39. Discontinued operations

(I) Sale of Biologics business

Consequent to the approvals received from the Board of Directors on October 26, 2017 and from the shareholders on December 07, 2017, the Company has transferred the business undertaking related to manufacturing and commercialisation of Biosimilar, Insulins and drug substance manufactured in the GPP facility under the Biologics segment of the Group on a going concern basis by way of slump sale to Biocon Biologics India Limited ('BBIL') effective May 01, 2019 for a consideration of ₹ 7,054.

(II) Sale of Branded Formulations India (BFI) business

Consequent to the approval received from the Company's Board of Directors on June 17, 2019, the Company transferred Branded Formulations ('BFI') business on a going concern basis by way of a slump sale to BBIL effective August 01, 2019 for a consideration of ₹ 621. Gain on disposal of assets / liabilities amounting to ₹ 121 which is exceptional in nature has been disclosed under the discontinued operations.

The combined results of the discontinued operations of the businesses disposed-off, are set out below. The comparative profit and cash flows from discontinued operations have been presented as if these operations were discontinued in the prior year as well.

(a) Details of assets and liabilities disposed off, and the calculation of the profit or loss on disposal are explained below:

Particulars	March 31, 2020	March 31, 2020
	BFI	Biologics
(i) Consideration received		
Consideration received in cash and cash equivalents	621	7,054
Total consideration	621	7,054
(ii) Carrying value of assets and liabilities as on the date of disposal		
Non-current assets	26	5,263
Current assets	1,422	4,698
Total assets	1,448	9,961
Non-current liabilities	52	995
Current liabilities	896	1,912
Total liabilities	948	2,907
Net assets disposed off	500	7,054
(iii) Gain on disposal		
Consideration received	621	7,054
Net Assets disposed off	500	7,054
Gain on disposal	121	–

(b) Financial performance and cash flow information

The financial performance and cash flow information presented below:-

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue including other income	1,958	11,076
Expenses	1,841	9,785
Profit before tax	**117**	**1,291**
Tax expense	(71)	(147)
Profit for the year from discontinuing operation	**46**	**1,144**

(c) Net Cash flows from:

	March 31, 2020	March 31, 2019
Operating activities	(213)	387
Investing activities	7,635	(823)
Net Cash inflows/ (outflows)	**7,422**	**(436)**

40. 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.

41. Other notes

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, 2020.

42. 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 ₹ 79; 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	79	–	79

43. Exceptional Item

(a) 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.

(b) During year ended March 31, 2020, pursuant to group entities restructuring the Company sold its investment in the equity shares of Biocon Biologics Limited, United Kingdom (BUK), a wholly owned subsidiary to Biocon Biologics India Limited ('BBIL') for a consideration of ₹ 10,810 and received dividend of ₹ 456 from BUK. Gain arising from such sale of equity shares, including dividend income, amounting to ₹ 820 is recorded as an exceptional item. Consequential tax of ₹ 166 is included within tax expense from continuing operations in standalone financial statements.

(c) During year ended March 31, 2020, the Company has entered into a License Agreement with Bicara, a wholly owned subsidiary, pursuant to which the Company has granted a license to develop, manufacture and commercialize fusion proteins. Gain on such licensing of ₹ 550 has been recorded as an exceptional income. Consequential tax impact of ₹ 192 has been recorded in the standalone financial statements which is included within tax expense.

(d) Biocon Research Limited ('BRL') was the wholly owned subsidiary of Biocon Limited and engaged primarily in providing research and development and scientific support services in Biosimilar to other group companies of Biocon Limited. On April 01, 2019, the Board of Directors of the Company approved a Scheme of arrangement (""Scheme"") for merger of BRL (""the Transferor"") with Biocon Biologics India Limited ('BBIL') (""the Transferee"") under Section 230 to 232 of Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The National Company Law Tribunal vide its order dated February 04, 2020 approved the Scheme with appointed date of April 01, 2019. In consideration Biocon limited has received 155,300,000 shares of BBIL. The merger did not have any material impact on the standalone financial statements.

(e) During the year ended March 31, 2020, the Company has sold Investment in equity shares of Bioconc Healthcare SDN, to its step down subsidiary Biocon Biologics Limited, UK for a consideration of ₹ MYR 100. Loss on such sale of equity amouting to ₹ 32 is recorded as an exceptional item.

(f) During year ended March 31, 2020, Biocon Emplyee Welfare Trust sold 812,249 equity shares of ₹ 10 each of Syngene International Limited ('Syngene') in the open market. Gain arising from such sale of equity shares, net of related expense and cost of equity shares amounting to ₹ 259 has been recorded as exceptional item in the standalone financial statements.

(g) Consequent to the approvals received from the Board of Directors on October 26, 2017 and from the shareholders on December 07, 2017, the Company has transferred the business undertaking related to manufacturing and commercialisation of Biosimilars, Insulins and drug substance manufactured in the GPP facility under the Biologics segment of the Group on a going concern basis by way of slump sale to BBIL effective May 01, 2019 for a consideration of ₹ 7,054.

Also, consequent to the approval received from the Board of Directors on June 17, 2019, the Company transferred Branded Formulations (BFI) business on a going concern basis by way of a slump sale to BBIL effective August 01, 2019 for a consideration of ₹ 621. Gain on disposal of assets/ liabilities amounting to ₹ 121 which is exceptional in nature has been disclosed under the discontinued operations.

44. In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalising various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

Independent Auditor's 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 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of 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 and joint venture as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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.

Impairment of intangible assets under development and property, plant and equipment in a Cash Generating Unit (CGU)	
The key audit matter	**How the matter was addressed in our audit**
The Group has significant intangible assets under development and property, plant and equipment with respect to a particular CGU where products are yet to be commercialized in certain key markets as at 31 March 2020. Pending commercialization of the product in certain markets, there is a risk of impairment in the event the carrying amount of the aforesaid assets are lower than its recoverable value. Company's assessment of recoverable value to test for impairment contains a number of parameters which 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 assets. Accordingly, we have focused our audit work in this area.	Our audit procedures in relation to Impairment includes the following: • Testing the Group's controls in respect of impairment determination and accounting; • Evaluating assumptions used by the Company in assessing the recoverability of assets - in particular, revenue and cash flow projections; • Involving our valuation specialists to assist us in evaluating the valuation methodologies and assumptions used by the Company; • Evaluating Company's assessment of key inputs by considering third party sources and the impact on future cash inflows due to actions by competitors or changes in relevant market conditions;

Impairment of intangible assets under development and property, plant and equipment in a Cash Generating Unit (CGU)	
The key audit matter	**How the matter was addressed in our audit**
For further information on the carrying value of intangible assets and property, plant and equipment refer to: - Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions - Note 2(i), and - financial disclosures as disclosed in Intangible assets - Note 4(a) of the Consolidated Financial Statements for the year ended March 31, 2020.	• Inquired with the Company about potential impact of COVID-19 situation and its assessment of the likelihood of delay in product approvals, thereby impacting valuation; • Evaluating the sensitivity analysis carried out by the Company in respect of certain key estimates to assess the level of sensitivity to key assumptions.

Fund raise through dilution of equity interest in a subsidiary	
The key audit matter	**How the matter was addressed in our audit**
During the current year, the Group has entered into an agreement with a private equity investor ('Investor') whereby the Group has raised INR 5,363 million through issue of equity shares of a subsidiary. As per the agreement, the Group is required to provide various options to enable the investor to exit within a defined time period. In the absence of such an exit, the parent company has an obligation to buy out the investor share at certain prices. This required the Group to record a financial liability towards gross obligation in its consolidated financial statements in accordance with the applicable accounting standards. Accounting for these arrangements involves significant complexity including: - the determination of the classification of such amounts received from the Investor as equity or as financial liability; - impact on consolidation; - selection of the method of accounting for the put option over NCI. Given the significance of amounts and accounting complexities involved we determined this to be an area of focus for our audit in the current year. For further information on the accounting of put option over NCI, refer to: - Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions - Note 2(c), - financial disclosures set out in Note 16 of the Consolidated Financial Statements for the year ended March 31, 2020.	Our audit procedures include the following: • We read the Share Purchase Agreement (SPA) and Shareholder's Agreement (SHA) entered into by the Group with the Investor to gain an understanding of the rights and obligations of parties and evaluate the accounting consequences; • We assessed the accounting treatment adopted by the Group for compliance with the requirements of applicable Ind AS. In particular, we evaluated the accounting treatment relating to debt versus equity classification of the instrument, impact on consolidation and selection of the method of accounting in respect of the put option over NCI; • We audited the disclosures made by the Group in its consolidated financial statements to examine compliance with applicable Ind AS.

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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 matters such as: - deductibility of transactions - availability of tax incentives / exemptions, - impact of group restructuring - cross border transfer pricing arrangements etc. Judgment is required in assessing the range of possible outcomes for some of these tax matters. These judgments could change over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. The Company 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 which reflect its best estimate of the outcome based on the facts known in the relevant jurisdiction. Accordingly, we focused on this area. The Group has significant deferred tax assets in a subsidiary primarily comprising of Minimum Alternate Tax ('MAT') entitlement credits on account of tax holiday benefits, which would expire over a period of 15 years. Assessment of recoverability of such MAT credits require Group to prepare forecasts for future profitability and potential tax liabilities, which involves significant judgment and accordingly is an area of focus for us 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 set out in Note 38 for Tax expense and Note 34 for contingent liabilities in the Consolidated Financial Statements for the year ended March 31, 2020.	Our audit procedures in relation to Taxation include the following: • We obtained an understanding of the key uncertain tax positions based on list of ongoing litigations and tax computations for the current year; • We analysed select key correspondences with the tax authorities to identify any additional uncertain tax positions; • We analysed the Company's judgment regarding the eventual resolution of matters with various tax authorities. In this regard, we understood how the Company has considered past experience, where available, with the tax authorities in the respective jurisdictions; • We also considered external legal opinions and consultations made by the Company for key matters; • We used our own tax specialists' expertise to assess key assumptions made by the Company; • With respect to our assessment of recoverability of MAT, our audit procedures included: - Assessing the revenue and profit forecast against the historical performance and assessing the Group's plans with respect to new undertakings being setup having tax holiday benefits; - Assessing the sensitivity of key assumptions including the growth rate and tax holiday benefit for future years on the ability to utilize the MAT credits and impact of COVID-19 on these assumptions.

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 significant part of its revenues are denominated in foreign currency with most of the costs denominated in Indian Rupees (INR). The interest rate risks arises from the variable rate of interest on its foreign currency borrowings. The Group designates a significant portion of its derivatives as cash flow hedges of highly probable forecasted transactions. Derivative financial instruments are recognized at their fair value as of the balance sheet date on the basis of valuation report obtained from third party specialists. Basis such valuations, effective portion of derivative movements are recognized within equity.	Our audit procedures in relation to hedge accounting include the following, amongst others: • We involved our internal valuation specialists to assess the fair value of the derivatives by testing sample contracts. • We analyzed critical terms (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item to assess they are closely aligned. • We analysed the revised estimate of highly probable forecasted transactions and tested the impact of ineffective hedges.

Financial instrument- hedge accounting	
The key audit matter	**How the matter was addressed in our audit**
These matters are of importance to our audit due to complexity in the valuation of derivative contracts and complex accounting and documentation requirements under Ind AS 109: "Financial Instruments". Lockdowns because of COVID-19 had an impact on its operations and thereby impacted Group's estimates relating to occurrence of the highly probable forecasted transactions. A hedging relationship can no longer be continued if the Group concludes forecasted transactions are not likely to occur. Given the uncertainties relating to COVID-19, judgments and estimates relating to hedge accounting were inherently complex. Refer Note 2(c) and 36 to the Consolidated Financial Statements	• We challenged Group's assertion relating to its ability to meet its forecasts to be able to assert that hedge accounting can be continued by analysing various scenarios to conclude there was no significant impact on the year-end financial statements.

Impact on adoption of new lease standard - Ind AS 116	
The key audit matter	**How the matter was addressed in our audit**
Ind AS 116 introduces a new lease accounting model, where the lessees are required to recognize a Right-Of-Use (ROU) asset and a lease liability arising from a lease on its balance sheet. The Group has adopted Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is recognized as an adjustment to the opening balances of the retained earnings as at the date of transition, with no restatement of comparative information. Lease arrangements in the Group which were previously classified as operating leases under Ind AS 17 'Leases' and held off balance sheet will need to be recognised within assets and liabilities under Ind AS 116. Significant judgements are required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include application of practical expedients, selection of accounting policy choices, assessment of lease term, determination of applicable incremental borrowing rate, among others. Additionally, there is a risk the lease data which is underlying the Ind AS 116 computations is incomplete or inaccurate. As at 31 March 2020, the carrying amount of ROU asset was INR 1,283 million and lease liability was INR 899 million. Refer Note 2(r) and 15 to the Consolidated Financial Statements.	Our audit procedures on adoption of Ind AS 116 include the following: • We assessed the selection of accounting policies and practical expedients applied by the Group. • We evaluated the design and implementation of key controls and operating effectiveness of the relevant key controls with respect to the Ind AS 116. • Based on our evaluation of the contractual agreements entered into and our understanding of the business, assessed the appropriateness of the leases identified by the Group. • On transition to Ind AS 116 with effect from 1 April 2019, we have evaluated the method of transition and related adjustments. • We tested the completeness of the lease data by reconciling the Group's existing lease commitments to the lease data underpinning the Ind AS 116 computations. • We obtained the Group's quantification of ROU assets and leases liabilities. We assessed the accuracy of the lease data captured by the Group for a sample of leases through inspection of lease contracts. • We assessed the accounting policy and disclosures provided under the new lease standard. We also assessed the completeness and mathematical accuracy of the relevant disclosures, including those related to transition.

Information Other than the Consolidated Financial Statements and 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.

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group 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 Management and 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 Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group 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 the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group 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 the internal financial controls with reference to the consolidated financial statements in place and the operating effectiveness of such controls based on our audit

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its 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. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other 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

a) We did not audit the financial statements / financial information of a subsidiary, whose financial statements/financial information reflect total assets of ₹ 29,939 million as at 31 March 2020, total revenues of ₹ 2,740 million and net cash flows amounting to ₹ 11 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of ₹ 289 million for the year ended 31 March 2020, in respect of a joint venture, whose financial statements/financial information have not been audited by us.

   This subsidiary and joint venture are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments, if any made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary and joint venture located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

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 2020 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 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and 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 2020 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. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2020.

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

C. With respect to the matter to be included in the Auditor's report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies, 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 subsidiary companies 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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABS5745

Place: Bengaluru
Date: 14 May 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Biocon Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Biocon Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 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 2020, 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 the 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

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

Sampad Guha Thakurta
Partner
Membership No: 060573
UDIN: 20060573AAAABS5745

Place: Bengaluru
Date: 14 May 2020

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Consolidated Balance Sheet as at March 31, 2020

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

	Note	March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	53,932	42,527
Capital work-in-progress	3	15,765	12,869
Goodwill	4 (a)	264	264
Other intangible assets	4 (a)	4,232	1,919
Intangible assets under development	4 (a)	6,195	6,120
Right-of-use assets	4 (b)	1,283	–
Investment in associates and a joint venture		142	431
Financial assets			
(i) Investments	5	943	1,394
(ii) Derivative asssets		257	710
(iii) Other financial assets	6(a)	564	391
Income-tax assets (net)		2,417	1,693
Deferred tax assets (net)	7	3,680	3,247
Other non-current assets	8(a)	1,514	1,474
Total non-current assets		**91,188**	73,039
Current assets			
Inventories	9	14,359	10,316
Financial assets			
(i) Investments	10	8,576	8,293
(ii) Trade receivables	11	12,237	12,918
(iii) Cash and cash equivalents	12	9,101	7,298
(iv) Other bank balances	12	885	3,274
(v) Derivative assets		194	775
(vi) Other financial assets	6(b)	4,503	3,866
Other current assets	8(b)	3,395	2,145
Total current assets		**53,250**	48,885
TOTAL		**144,438**	121,924
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13(a)	6,000	3,000
Other equity	13(b)	61,058	57,980
Equity attributable to owners of the Company		**67,058**	60,980
Non-controlling interests		6,773	6,089
Total equity		**73,831**	67,069
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	12,222	15,256
(ii) Lease liabilities	15	831	151
(iii) Derivative liabilities		1,461	350
(iv) Other financial liabilities	16(a)	5,363	–
Provisions	17(a)	858	661
Deferred tax liability (net)	7	298	–
Other non-current liabilities	18(a)	9,494	8,052
Total non-current liabilities		**30,527**	24,470
Current liabilities			
Financial liabilities			
(i) Borrowings	19	6,676	2,612
(ii) Lease liabilities	15	68	9
(iii) Trade payables	20		
- total outstanding dues of micro and small enterprises		381	296
- total outstanding dues of creditors other than micro and small enterprises		12,870	11,687
(iv) Derivative liabilities		721	141
(v) Other financial liabilities	16(b)	12,079	9,906
Provisions	17(b)	1,030	805
Income tax liability (net)		1,279	1,238
Other current liabilities	18(b)	4,976	3,691
Total current liabilities		**40,080**	30,385
TOTAL		**144,438**	121,924

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	21	63,672	55,144
Other income	22	1,614	1,444
Total income (I)		**65,286**	**56,588**
Expenses			
Cost of raw materials and packing materials consumed	23	21,676	20,299
Purchases of traded goods		854	764
Changes in inventories of traded goods, finished goods and work-in-progress	24	(2,008)	(2,097)
Employee benefits expense	25	14,588	11,653
Finance costs	26	649	709
Depreciation and amortisation expense	27	5,522	4,478
Other expenses	28	15,989	13,287
		57,270	**49,093**
Less: Recovery of cost from co-development partners (net)		(3,458)	(2,699)
Total expenses (II)		**53,812**	**46,394**
Profit before tax, share of profit/(loss) of joint venture and associate, exceptional items and tax (I-II)		11,474	10,194
Share of profit/ (loss) of joint venture and associate, net		(289)	9
Profit before tax and exceptional items		**11,185**	**10,203**
Exceptional items, net	32	675	1,946
Profit before tax		**11,860**	**12,149**
Tax expense	38		
Current tax		2,713	2,038
Deferred tax			
MAT credit utilised/(entitlement), net		(374)	(138)
Other deferred tax		812	223
Total tax expense		**3,151**	**2,123**
Profit for the year		**8,709**	**10,026**
Other comprehensive income (OCI)			
(i) **Items that will not be reclassified subsequently to profit or loss**			
Re-measurement on defined benefit plans		(68)	(119)
Equity instruments through OCI		(924)	(486)
Income tax effect		130	160
		(862)	**(445)**
(ii) **Items that may be reclassified subsequently to profit or loss**			
Effective portion of gains/ (losses) on hedging instrument in cash flow hedges		(2,626)	(851)
Exchange difference on translation of foreign operations		1,107	419
Income tax effect		497	153
		(1,022)	**(279)**
Other comprehensive income for the year, net of taxes		**(1,884)**	**(724)**
Total comprehensive income for the year		**6,825**	**9,302**
Profit attributable to:			
Shareholders of the Company		7,482	9,053
Non-controlling interest		1,227	973
Profit for the year		**8,709**	**10,026**
Other comprehensive income attributable to:			
Shareholders of the Company		(1,314)	(552)
Non-controlling interest		(570)	(172)
Other comprehensive income for the year		**(1,884)**	**(724)**
Total comprehensive income attributable to:			
Shareholders of the Company		6,168	8,501
Non-controlling interest		657	801
Total comprehensive income for the year		**6,825**	**9,302**
Earnings per share	31		
Basic (in ₹)		6.32	7.65
Diluted (in ₹)		6.30	7.60

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

(A) Equity share capital

	March 31, 2020	March 31, 2019
Opening balance	3,000	3,000
Issue of bonus shares	3,000	–
Closing balance	6,000	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, 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 impact	–	–	–	–	(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)
Total comprehensive income for the year	–	–	–	–	9,053	–	–	–	419	(536)	(435)	8,501	801	9,302
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
Adjustment pursuant to adoption of Ind AS 116 , net of tax impact	–	–	–	–	(4)	–	–	–	–	–	–	(4)	(19)	(23)
Adjusted balance at April 01, 2019	1,171	9	801	3,459	52,085	–	772	(1,144)	1,079	264	(520)	57,976	6,070	64,046
Profit for the year	–	–	–	–	7,482	–	–	–	–	–	–	7,482	1,227	8,709
Other comprehensive income, net of tax	–	–	–	–	–	–	–	–	1,107	(1,554)	(867)	(1,314)	(570)	(1,884)
Total comprehensive income for the year	–	–	–	–	7,482	–	–	–	1,107	(1,554)	(867)	6,168	657	6,825
Transfer to Special Economic Zone ('SEZ') re-investment reserve	–	–	–	–	(2,735)	2,735	–	–	–	–	–	–	–	–
Transfer from SEZ re-investment reserve on utilisation	–	–	–	–	2,735	(2,735)	–	–	–	–	–	–	–	–
Transactions with Owners directly recorded in equity:														
Dividend including dividend distribution tax	–	–	–	–	(630)	–	–	–	–	–	–	(630)	(71)	(701)
Share based payment	–	–	–	–	–	–	660	–	–	–	–	660	–	660
Gain on sale of shares of subsidiary, net of related expense and tax	–	–	–	–	–	–	–	–	–	–	–	–	22	22
Issue of bonus shares	(1,158)	–	–	(1,842)	–	–	–	–	–	–	–	(3,000)	–	(3,000)
Bonus issue expense	(13)	–	–	–	–	–	–	–	–	–	–	(13)	–	(13)
Purchase of treasury shares	–	–	–	–	–	–	–	(293)	–	–	–	(293)	–	(293)
Exercise of share options	238	–	–	–	204	–	(344)	92	–	–	–	190	95	285
Balance at March 31, 2020	238	9	801	1,617	59,141	–	1,088	(1,345)	2,186	(1,290)	(1,387)	61,058	6,773	67,831

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

		March 31, 2020	March 31, 2019
I	**Cash flows from operating activities**		
	Profit for the year	8,709	10,026
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation expense	5,522	4,478
	Tax expense	3,151	2,123
	Unrealised foreign exchange (gain)/loss	(445)	127
	Share-based compensation expense	653	328
	Provision/(reversal) of doubtful debts, net	(3)	3
	Bad debts written off	1	14
	Interest expense	649	709
	Interest income	(824)	(908)
	Net loss on financial assets measured at fair value through profit or loss	2	27
	Net gain on sale of current investments	(87)	(220)
	Loss on sale of property, plant and equipment (net)	11	–
	Share of profit/ (loss) of joint venture and associate, net	289	(9)
	Proceeds from insurance company	970	–
	Exceptional items, net	(675)	(1,946)
	Operating profit before working capital changes	**17,923**	**14,752**
	Movements in working capital		
	Decrease/(increase) in inventories	(3,806)	(3,052)
	Decrease/(increase) in trade receivables	1,644	(2,243)
	Decrease/(increase) in other assets	(3,556)	(1,079)
	Increase/(decrease) in trade payable, other liabilities and provisions	4,067	6,083
	Cash generated from operations	**16,272**	**14,461**
	Direct taxes paid (net of refunds)	(3,441)	(2,915)
	Net cash flow generated from operating activities	**12,831**	**11,546**
II	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(16,042)	(12,221)
	Payment of intangible assets	(2,323)	(2,699)
	Proceeds from sale of property, plant and equipment	71	4
	Proceeds from sale of shares in subsidiary (net of expenses)	–	4,029
	Purchase of investments	(57,078)	(39,115)
	Investment in unsecured compulsorily convertible debentures	(100)	–
	Proceeds from sale of investments	57,783	42,771
	Investment in bank deposits and inter corporate deposits	(13,692)	(14,052)
	Redemption/ maturity of bank deposits and inter corporate deposits	14,831	13,351
	Interest received	961	794
	Net cash flow used in investing activities	**(15,589)**	**(7,138)**

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

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

		March 31, 2020	March 31, 2019
III	**Cash flows from financing activities**		
	Purchase of treasury shares	(293)	(1,009)
	Proceeds from exercise of share options	318	317
	Proceeds from issuance of shares by subsidiary	5,363	–
	Proceeds from long-term borrowings	2,667	2,608
	Repayment of long-term borrowings	(6,196)	(3,621)
	Proceeds/ (Repayment) of short-term borrowings (net)	3,715	1,088
	Dividend paid on equity shares including tax thereon	(701)	(793)
	Payment for bonus issue expense	(25)	–
	Repayment of lease liabilities, net	(60)	–
	Interest paid	(912)	(1,007)
	Net cash flow generated from/ (used in) financing activities	**3,876**	**(2,417)**
IV	**Net increase in cash and cash equivalents (I + II + III)**	1,118	1,991
V	**Effect of exchange differences on cash and cash equivalents held in foreign currency**	536	112
VI	**Cash and cash equivalents at the beginning of the year**	6,593	4,490
VII	**Cash and cash equivalents at the end of the year (IV + V + VI)**	8,247	6,593
	Reconciliation of cash and cash equivalents as per statement of cash flows		
	Cash and cash equivalents [note 12]		
	Balances with banks - on current accounts	8,440	7,289
	- on unpaid dividend accounts*	8	9
	Deposits with original maturity of less than 3 months	653	–
		9,101	**7,298**
	Bank overdrafts / cash credits [note 19]	(854)	(705)
	Balance as per statement of cash flows	**8,247**	**6,593**

* 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, 2019	Cash flows	Non - cash movement	Closing balance March 31, 2020
Long - term Borrowings (including current maturities)	21,458	(3,529)	1,649	19,578
Short - term Borrowings	2,612	3,715	349	6,676
Interest accrued but not due	20	(6)	-	14
Total liabilities from financing activities	**24,090**	**180**	**1,998**	**26,268**

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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

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

1. Company Overview

1.1 Reporting entity

Biocon 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, 2020. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 14, 2020.

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

b. Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiaries 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 consolidated financial statements in conformity with Ind AS requires Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the 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 and intangible assets
- Note 2(r) and 15 — Lease, whether an agreement contains a lease;
- Note 2(j) and 35 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 30 — Share based payments; and
- Note 2(n), 7 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;
- Note 16 — Liability on written put options;

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, 2020 is included in the following notes:

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

— Note 2(n), 7 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 2(j) and 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 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 venture 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;

— Fair value through other comprehensive income – equity investment; or

— Fair value through profit and loss

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 equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the 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	25-30 years	30 years
Roads	5-12 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-15 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3- 5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	
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 Financial Instruments, 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. 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 were not completed as at the date of initial application.

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 straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will bundled with the subsequent product supply obligations.

The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.

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

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

iii. Contract research and manufacturing services income:

Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

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

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

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

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

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

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 and 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 of 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) The Group as lessee:

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

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

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

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

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

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

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

(ii) The Group as a Lessor:

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

Transition

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

s. Operating cycle

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

t. Recent Indian Accounting Standards (Ind AS)

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

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

	Land [Refer note (a)]	Buildings	Leasehold improvements	Plant and equipment [Refer note (c)]	Research & development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (e)]
Gross carrying amount									
At April 01, 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**
Additions	220	3,510	14	10,922	439	175	30	15,310	18,169
Disposals/transfers	–	–	–	(344)	(12)	–	(11)	(367)	(15,310)
Reclassification to right of use assets	(368)	–	(172)	–	–	–	–	(540)	–
Other adjustments									
- Foreign currency translation adjustment	102	550	–	1,185	–	5	1	1,843	37
At March 31, 2020	**2,687**	**18,395**	**29**	**58,803**	**2,952**	**1,225**	**174**	**84,265**	**15,765**
Accumulated depreciation									
At April 01, 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**	**–**
Depreciation for the year	–	594	4	3,977	171	99	33	4,878	–
Disposals	–	–	–	(261)	(12)	–	(5)	(278)	–
Reclassification to right of use assets	–	–	(27)	–	–	–	–	(27)	–
Other adjustments									
- Foreign currency translation adjustment	–	61	–	204	–	2	1	268	–
At March 31, 2020	**–**	**3,647**	**9**	**23,861**	**1,931**	**781**	**104**	**30,333**	**–**
Net carrying amount									
At March 31, 2019	**2,733**	**11,343**	**155**	**27,099**	**753**	**365**	**79**	**42,527**	**12,869**
At March 31, 2020	**2,687**	**14,748**	**20**	**34,942**	**1,021**	**444**	**70**	**53,932**	**15,765**

(a) Land includes land held on leasehold basis: Gross carrying amount ₹661 (March 31, 2019 - ₹1,029); Net carrying amount ₹661 (March 31, 2019 - ₹1,029).

(b) Borrowing costs capitalised during the year amounted to ₹ 545 (March 31, 2019 - ₹ 94).

(c) Plant and equipment include computers and office equipment.

(d) Foreign exchange loss of ₹ 771 (March 31, 2019 - ₹ 288) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset pursuant to option available on long-term foreign currency monetary items which were obtained before the beginning of the first Ind AS financial reporting period as per the previous GAAP [refer note 2(b)(i)].

(e) Capital work-in-progress as on March 31, 2020 mainly comprises new biopharmaceutical and research manufacturing units being constructed in India.

(f) For details of security on certain property, plant and equipment, refer note 14 (a), (b), (c), (d), (e) and (f).

4 (a). Intangible assets

	Goodwill	Intangible assets						Intangible assets under development		
		Developed technology rights	Marketing and Manufacturing rights	Other intangible assets *	Customer related intangible	IP under commercialisation	Total	Product under development (internally generated)	Marketing rights	Total
Gross carrying amount										
At April 01, 2018	264	–	165	619	77	81	942	4,770	488	5,258
Additions	–	756	780	203	–	–	1,739	1,933	–	1,933
Other adjustments	–	–	–	–	–	–	–	(756)	(525)	(1,281)
- Foreign currency translation adjustment	–	(7)	(7)	–	–	–	(14)	213	37	250
At March 31, 2019	264	749	938	822	77	81	2,667	6,160	–	6,160
Additions	–	2,377	–	243	–	–	2,620	1,809	283	2,092
Disposals/transfers	–	–	–	–	–	–	–	–	–	–
Other adjustments	–	–	–	–	–	–	–	(2,377)	–	(2,377)
- Foreign currency translation adjustment	–	203	67	1	–	–	271	381	–	381
At March 31, 2020	264	3,329	1,005	1,066	77	81	5,558	5,973	283	6,256
Accumulated amortisation										
At April 01, 2018	–	–	78	311	38	81	508	19	–	19
Amortisation for the year	–	32	74	124	12	–	242	21	–	21
- Foreign currency translation adjustment	–	(1)	(1)	–	–	–	(2)	–	–	–
At March 31, 2019	–	31	151	435	50	81	748	40	–	40
Amortisation for the year	–	240	144	147	15	–	546	21	–	21
- Foreign currency translation adjustment	–	17	15				32	–	–	–
At March 31, 2020	–	288	310	582	65	81	1,326	61	–	61
Net carrying amount										
At March 31, 2019	264	718	787	387	27	–	1,919	6,120	–	6,120
At March 31, 2020	264	3,041	695	484	12	–	4,232	5,912	283	6,195

* Other intangible assets includes computer software and intellectual property rights.

4 (b). Right-of-use assets

	Right-of-use assets			
	Land	Buildings	Vehicles	Total
Gross carrying amount				
At April 01, 2019	–	–	–	–
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 (Refer note 2(r) and 15	368	172	–	540
Additions	6	770	71	847
At March 31, 2020	374	942	71	1,387
Accumulated depreciation				
At April 01, 2019	–	–	–	–
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 (Refer note 2(r)	–	27	–	27
Amortisation for the year	2	62	13	77
At March 31, 2020	2	89	13	104
Net carrying amount				
At March 31, 2020	372	853	58	1,283

	March 31, 2020	March 31, 2019
5. Non-current investments		
I. Quoted equity instruments at fair value through other comprehensive income		
Vaccinex Inc., USA - 299,226 (March 31, 2019 - 299,226) Common Stock, par value US $0.0001 each	90	109
Equillium Inc., USA - 2,316,134 (March 31, 2019 - 2,316,134) Common Stock, par value US$ 0.001 each	473	1,285
Total quoted investments in equity instruments	563	1,394
II. Unquoted equity instruments at fair value through profit or loss		
In others:		
Energon KN Wind Power Private Limited - 38,500 (March 31, 2019 - 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 fair value through profit or loss		
In others:		
Energon KN Wind Power Private Limited - 14,666 (March 31, 2019 - 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	–	–
IV. Investments in Certificates of deposits carried at amortized cost		
Others:		
Inter corporate deposits with financial institutions *	280	–
Total unquoted investments in bonds	280	–
V. Investments in Debentures at fair value through profit or loss		
Immuneel Therapeutics Private Limited - 10,000,000 (31 March 2019: Nil) 0.01% unsecured compulsorily convertible debentures, par value ₹ 10 each fully paid up[refer note(i) below]	100	–
Total non-current investments	943	1,394
Aggregate value of quoted investments	563	1,394
Aggregate value of unquoted investments	382	2
Aggregate amount of impairment in value of investments	2	2

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

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

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.

	March 31, 2020	March 31, 2019
6. Other financial assets		
(a) Non-current		
Deposits	393	391
Other receivables	171	–
	564	391
(b) Current		
Interest accrued but not due	129	266
Unbilled revenue	793	1,492
Other receivables	3,581	2,108
	4,503	3,866

	March 31, 2020	March 31, 2019
7. Deferred tax balances		
Deferred tax assets (net)	3,680	3,247
Deferred tax liability (net)	(298)	–
Total	**3,382**	**3,247**
Deferred tax liability		
Property, plant and equipment and intangible assets	1,760	990
Derivatives	–	48
Others	45	129
Gross deferred tax liability	**1,805**	**1,167**
Deferred tax assets		
Employee benefit obligations	434	348
Derivatives	449	–
Trade receivables	11	31
Other disallowable expenses	127	187
MAT credit entitlement	3,690	3,316
Deferred revenue	218	288
Others	258	244
Gross deferred tax assets	**5,187**	**4,414**
Net deferred tax assets [refer note 38 (d)]	**3,382**	**3,247**
8. Other assets		
(a) Non-current		
Capital advances	799	637
Duty drawback receivable	113	80
Balances with statutory / government authorities	411	637
Prepayments	191	120
	1,514	**1,474**
(b) Current		
Balances with statutory / government authorities	1,832	1,121
Advance to suppliers	824	410
Prepayments	689	614
Contract assets	50	–
	3,395	**2,145**
9. Inventories		
Raw materials, including goods-in-bond	3,783	2,506
Packing materials	1,618	860
Traded goods	680	210
Finished goods*	5,071	3,283
Work-in-progress	3,207	3,457
	14,359	**10,316**

* includes goods in-transit ₹672 (March 31, 2019 - ₹94)

Write-down of inventories to net realisable value amounted to ₹ 330 (March 31, 2019 - ₹23). These were recognised as an expense during the year and included in changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

	March 31, 2020	March 31, 2019
10. Current investments		
Investments carried at fair value through profit or loss		
(a) Investment in mutual funds (quoted)		
Aditya Birla Sun Life Savings Fund - 156,619 units (March 31, 2019: 567,252 units)	50	170
Axis Liquid Fund - Direct Growth Nil units (March 31, 2019: 39,749 units)	–	82
DSP BlackRock Liquidity Fund- Growth Nil units (March 31, 2019: 20,604 units)	–	55
ICICI Prudential Liquid Fund - Growth Nil units (March 31, 2019: 551,211 units)	–	152
Invesco India Liquid Fund - Growth Nil Units (March 31, 2019: 21,407 units)	–	55
Tata Money Market Fund - Growth Nil units (March 31, 2019: 13,602 units)	–	40
UTI Liquid Cash Plan - Growth Nil Units (March 31, 2019: 140,087 units)	–	141
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan Nil Units (March 31, 2019: 68,887 Units)	–	21
Aditya Birla sun Life Money Manager Fund - Growth - Direct Plan Nil units (March 31,2019: 199,535 units)	–	50
HDFC Liquid Fund - Direct Plan - Growth Option Nil units (March 31, 2019: 37,870 Units)	–	139
Kotak Liquid Direct Plan Growth Nil units (March 31, 2019: 20,287 units)	–	77
Reliance Liquid Fund - Direct Plan - Growth Plan Nil units (March 31, 2019: 4,715 units)	–	22
Reliance Money Market Fund - Direct Growth Plan - Growth Option Nil Units (March 31, 2019: 17,685 units)	–	50
SBI Liquid Fund Direct Growth Nil Units (March 31, 2019: 43,726 units)	–	128
Aditya Birla Sun Life Liquid Fund - Daily Dividend Reinvestment - Direct Plan Nil units (March 31, 2019: 109,796 Units)	–	11
Kotak Overnight-Direct-Growth : 39,018 Units (March 31 2019 : NIL Units)	42	–
Nippon India Overnight Fund Direct Growth Plan : 1,792,541 Units (March 31.2019 : NIL Units)	192	–
Nippon India Overnight Fund - Regular Growth : 140,763 Units (March 31, 2019: Nil Units)	15	–
SBI Overnight Fund Direct Growth : 25,192 Units (March 31 2019 : Nil Units)	82	–
ICICI Prudential Overnight Fund Direct Plan Growth : 391,110 Units (March 31, 2019 : NIL)	42	–
UTI Overnight Fund Direct Growth Plan : 15,037 Units (March 31, 2019: Nil Units)	41	–
Axis Overnight Fund Growth Direct : 16,392 Units (March 31, 2019: Nil Units)	17	–
Aditya Birla Sun Life Overnight Fund Daily Dividend Direct Plan Reinvestment : 18,673 Units (March 31, 2019 : Nil Units)	19	–
ICICI Prudential Overnight Fund Direct Plan Daily Dividend: 200,695 Units (March 31, 2019 : Nil Units)	20	–
Nippon India Overnight Fund Direct Daily Dividend Plan : 266,692 Units (March 31, 2019: Nil Units)	27	–
UTI Overnight Fund-Direct Periodic Dividend Plan Payout : 11,166 Units (March 31, 2019 : Nil Units)	16	–
	563	1,193
Investment carried at amortised cost		
(b) In others (unquoted):		
Inter corporate deposits with financial institutions *	8,013	7,100
	8,013	7,100
Total current investments	8,576	8,293
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate market/ fair value of quoted investments	563	1,193
Aggregate value of unquoted investments	8,013	7,100

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.

	March 31, 2020	March 31, 2019
11. Trade receivables		
(a) Trade Receivables considered good - Unsecured	12,237	12,918
(b) Trade Receivables - credit impaired	123	140
	12,360	13,058
Allowance for credit loss	(123)	(140)
	12,237	12,918
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	11	4
The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.		
12. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	8,440	7,289
On unpaid dividend account	8	9
Deposits with original maturity of less than 3 months	653	–
Total cash and cash equivalents	9,101	7,298
Other bank balances		
Deposits with maturity of less than 12 months	882	3,271
Margin money deposit [Refer note (a) below]	3	3
Total other bank balances	885	3,274
Total cash and bank balances	9,986	10,572

(a) Margin money deposits with carrying amount of ₹3 (March 31, 2019 - ₹3) are subject to first charge against bank guarantees obtained.

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

	March 31, 2020	March 31, 2019
13(a). Equity share capital		
Authorised		
1,200,000,000 (March 31, 2019 - 600,000,000) equity shares of ₹5 each (March 31, 2019 - ₹5 each)	6,000	3,000
Issued, subscribed and fully paid-up		
1,200,000,000 (March 31, 2019 - 600,000,000) equity shares of ₹5 each (March 31, 2019 - ₹5 each)	6,000	3,000

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

Equity shares	March 31, 2020		March 31, 2019	
	No.	₹Million	No.	₹Million
At the beginning of the year	600,000,000	3,000	600,000,000	3,000
Issue of bonus shares [refer note (v) below]	600,000,000	3,000	–	–
Outstanding at the end of the year	1,200,000,000	6,000	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, 2020		March 31, 2019	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Kiran Mazumdar-Shaw	475,725,384	39.64%	237,862,692	39.64%
Glentec International Limited	237,211,164	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				
	2020	2019	2018	2017	2016
Equity shares of ₹5 each	600,000,000	–	400,000,000	–	–

The Company had allotted 600,000,000 equity shares of ₹5 each fully paid up as bonus shares on June 19, 2019 in the ratio of 1:1 (one 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 13, 2019) by capitalisation of securities premium and general reserve. In accordance with Ind AS 33, the Earnings per share data is adjusted to give effect to the bonus issue.

13(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) by the ESOP trusts of the Group 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. ₹) 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.

	March 31, 2020	March 31, 2019
14. Long-term borrowings		
Loans from banks (secured)		
Term loan [refer note (a), (b), (c), (d) and (e) below]	19,564	21,437
Other loans and advances (unsecured)		
Financial assistance from DST [refer note (f) below]	14	21
	19,578	21,458
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(7,356)	(6,202)
	12,222	15,256
The above amount includes		
Secured borrowings	19,564	21,437
Unsecured borrowings	14	21
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(7,356)	(6,202)
Net amount	12,222	15,256

(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 was secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility. The long-term loan was repaid in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carried an interest rate of LIBOR + 0.81% p.a. The loan was repaid during the year.

(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 Sdn Bhd had entered into a new term loan agreement with Standard Chartered Bank (Hong Kong) Limited for an amount of USD 70 million. The loan is repayable in quarterly 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 ₹ 5,650 (March 31, 2019: ₹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.

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

(e) (i) Syngene International Limited ('Syngene') has entered into External Commercial Borrowing agreement with The Hongkong 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 Bangalore and Mangalore premises of Syngene.

(ii) 'Facility A' of ₹ 3,241 (USD $ 50 million) carries an interest rate of Libor + 1.04% and is repayable in two instalments of USD 12.5 million in March 2019 and USD 37.5 million 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) 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.

(g) The Group has met all the covenants under these arrangements as at March 31, 2020 and March 31, 2019.

(h) The Group's exposure to liquidity, interest rate and currency risks are disclosed in note 36.

15. Leases

The Group has entered into lease agreements for use of land, buildings and vehicles which expires over a period ranging upto the year of 2117. Gross payments for the year aggregate to ₹ 117.

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" on all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the standard resulted in recognition of Right-of-use assets (ROU) of ₹353 and a lease liability of ₹334. The cumulative effect of applying the standard resulted in ₹23 being debited to retained earnings, net of taxes. The effect of this adoption did not have a material impact on profit before tax, profit for the year and the earnings per share. Ind AS 116 will result in an increase in cash flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

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

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	–	160	–	160
Additions on account of adoption of Ind AS 116	6	264	64	334
Additions during the year	–	456	9	465
Finance cost accrued during the period	1	50	6	57
Deletions	–	–	–	–
Payment of lease liabilities	(2)	(93)	(22)	(117)
Balance at the end	**5**	**837**	**57**	**899**

The following is the break-up of current and non-current lease liabilities:

	March 31, 2020	March 31, 2019
Non current lease liabilities	831	151
Current lease liabilities	68	9
	899	160

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

	March 31, 2020
Less than one year	144
One to five years	513
More than five years	968
Total	1,625

The following are the amounts recognised in Profit or loss for the year ended March 31, 2020:

	March 31, 2020
Amortisation of right to use assets	77
Interest expenses on lease liabilities	57
Short-term lease payment [refer note (i) below]	5
Total	139

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

	March 31, 2020	March 31, 2019
16. Other financial liabilities		
(a) Non-current		
Gross liability on written put options [refer note (i) below]	5,363	–
	5,363	–
(b) Current		
Current maturities of long-term borrowings [refer note 14]	7,356	6,202
Book overdraft	177	453
Unpaid dividends	8	9
Interest accrued but not due	14	20
Payables for capital goods	4,524	3,222
	12,079	9,906

(i) During the current year, the Group has entered into an agreement with Activ Pine LLP ('Investor') whereby the Investor has infused ₹ 5,363 against issuance of equity shares of a subsidiary company, Biocon Biologics India Limited ('BBIL'), which represents 2.44 % shareholding of BBIL. The consideration was received and equity shares were allotted on January 21, 2020.

As per the agreement, the Group will be required to provide various options to enable the Investor to exit over a period of time. In the event, such exit events do not occur, the Investor may require the parent company (Biocon Limited), to buy them out at certain prices agreed under the arrangement. Such an obligation to provide exit to the Investors required the Group to record a financial liability towards gross obligation amounting to ₹ 5,363 in the consolidated financial statements in accordance with the accounting standards.

The Group in accordance with Ind AS has elected an accounting policy choice to follow an anticipated acquisition method on initial recognition which requires recognition of a gross obligation liability with a corresponding derecognition of non-controlling interest balance in its consolidated financial statements. Further, in accordance with the generally accepted accounting principles, the Group has made an accounting policy choice to present any subsequent change in the fair value of gross obligation liability in other equity instead of profit and loss account.

	March 31, 2020	March 31, 2019
17. Provisions		
(a) Non-current		
Provision for employee benefits		
Gratuity [refer note 35]	858	661
	858	661
(b) Current		
Provision for employee benefits		
Gratuity [refer note 35]	154	179
Compensated absences	740	490
Provision for sales return	136	136
	1,030	805

	Gratuity	Compensated absences	Sales return
(i) Movement in provisions			
Opening balance	840	490	136
Provision recognised during the year	172	250	–
Closing balance	1,012	740	136

	March 31, 2020	March 31, 2019
18. Other liabilities		
(a) Non-current		
Deferred revenues [refer note 21]	9,494	8,052
	9,494	8,052
(b) Current		
Deferred revenues [refer note 21]	901	363
Advances from customers	3,217	2,762
Statutory taxes and dues payable	387	313
Other dues	471	253
	4,976	3,691
19. Short-term borrowings		
From banks/ financial institutions		
Packing credit foreign currency loan (unsecured) [refer note (i) and (ii) below]	5,822	1,907
Cash credit (secured) [refer note (iii) and (iv) below]	854	705
	6,676	2,612
The above amount includes		
Secured borrowings	854	705
Unsecured borrowings	5,822	1,907

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

(ii) BBIL has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 2,733 (March 31,2019: ₹ Nil) from HDFC Bank Limited, Standard Chartered Bank and Axis Bank that carries interest rate ranging from LIBOR + 0.55% to LIBOR + 2%. The loans are repayable after the end of 6 months from the date of its origination.

(iii) 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.

(iv) Biocon Pharma Inc. (BPI) has availed working capital facilities upto USD 5 million from Citi Bank carrying an interest rate of 3.1% - 3.3%. The working capital facilities are secured by a charge on inventories and accounts receivables of BPI.

(v) 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, 2020	March 31, 2019
20. Trade payables		
Trade payables		
- total outstanding dues of micro and small enterprises	381	296
- total outstanding dues of creditors other than micro and small enterprises	12,870	11,687
	13,251	11,983

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, 2020	Year ended March 31, 2019
21. Revenue from contracts with customers		
Sale of products		
Finished goods*	41,121	33,067
Traded goods	2,358	3,870
Sale of services		
Contract research and manufacturing services income	18,326	16,629
Licensing and development fees	310	245
Other operating revenue		
Sale of process waste	195	180
Export incentives	681	595
Others	681	558
Revenue from operations	63,672	55,144

* 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, 2020				
	Small Molecules	Biologics	Branded formulations	Research services	Total
Revenue from contracts with customers					
Sale of products	20,745	17,372	5,362	–	43,479
Sale of services	26	284	–	18,326	18,636
	20,771	17,656	5,362	18,326	62,115
Revenue from other sources					
Other operating revenue	166	347	–	1,044	1,557
	166	347	–	1,044	1,557
Total Revenue from operations	20,937	18,003	5,362	19,370	63,672

	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

	March 31, 2020	March 31, 2019
21.2 Changes in contract liabilities - advances from customers and deferred revenues		
Balance at the beginning of the year	11,177	6,153
Add:- Adjustment in opening reserve on transition to Ind AS 115	–	1,877
Add:- Increase due to invoicing during the year	6,467	7,312
Add:- foreign currency translation	381	21
Less:- Amounts recognised as revenue during the year	(4,413)	(4,186)
Balance at the end of the year	**13,612**	**11,177**
Expected revenue recognition from remaining performance obligations:		
- Within one year	4,118	3,125
- More than one year	9,494	8,052
	13,612	**11,177**
21.3 Contract balances		
Trade receivables	12,237	12,918
Unbilled revenue	843	1,492
Contract liabilities	13,612	11,177

Trade receivables are non-interest bearing. Refer note 6(b), 8(b) and 11. Contract liabilities include deferred revenue and advance from customers.

21.4 Performance obligation:

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

	Year ended March 31, 2020	Year ended March 31, 2019
22. Other income		
Interest income on:		
Deposits with banks and financial institutions	807	863
Others	17	45
Net gain on sale of current investments	87	220
Foreign exchange gain, net	653	277
Other non-operating income	50	39
	1,614	**1,444**
23. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	3,366	2,372
Add: Purchases	23,711	21,293
Less: Inventory at the end of the year	(5,401)	(3,366)
Cost of raw materials and packing materials consumed	21,676	20,299

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	Year ended March 31, 2020	Year ended March 31, 2019
24. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	210	292
Finished goods	3,283	1,903
Work-in-progress	3,457	2,658
	6,950	4,853
Inventory at the end of the year		
Traded goods	680	210
Finished goods	5,071	3,283
Work-in-progress	3,207	3,457
	8,958	6,950
	(2,008)	(2,097)
25. Employee benefits expense		
Salaries, wages and bonus	12,447	10,156
Contribution to provident and other funds	665	498
Gratuity [refer note 35]	177	122
Share-based compensation expense [refer note 30]	653	328
Staff welfare expenses	646	549
	14,588	11,653
26. Finance costs		
Interest expense on financial liabilities measured at amortised cost	613	705
Fair value changes on interest rate swap	(21)	4
Interest on lease liabilities	57	–
	649	709
27. Depreciation and amortisation expense		
Depreciation of property, plant and equipment [refer note 3]	4,878	4,215
Amortisation of intangible assets [refer note 4 (a)]	567	263
Amortisation of right to use assets [refer note 4 (b)]	77	–
	5,522	4,478

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	Year ended March 31, 2020	Year ended March 31, 2019
28. Other expenses		
Royalty and technical fees	21	23
Rent	5	76
Communication expenses	56	72
Travelling and conveyance	871	699
Professional charges	1,096	841
Payment to auditors [refer note (a) below]	19	14
Directors' fees including commission	60	36
Power and fuel	2,461	2,398
Insurance	342	240
Rates, taxes and fees	289	382
Lab consumables	1,247	1,057
Repairs and maintenance		
Plant and machinery	1,977	1,796
Buildings	376	269
Others	922	738
Selling expenses		
Freight outwards and clearing charges	528	432
Sales promotion expenses	1,991	2,155
Commission and brokerage (other than sole selling agents)	184	188
Bad debts written off	1	14
Provision/ (reversal) for doubtful debts, net	(3)	3
Net loss on financial assets measured at fair value through profit or loss	2	27
Printing and stationery	109	103
Loss on sale of assets, net	11	–
Research and development expenses [refer note 29]	3,996	3,206
Clinical trial & development expenses	107	123
CSR expenditure [refer note 43]	153	148
Miscellaneous expenses	194	180
	17,015	**15,220**
Less: Expenses capitalized to intangible assets	(1,026)	(1,933)
	15,989	**13,287**
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	13	8
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
	19	**14**

	Year ended March 31, 2020	Year ended March 31, 2019
29. Research and development expenses		
Research & development expenses	3,996	3,206
Other Research & development expenses included in other heads	3,670	3,258
	7,666	6,464
Less: Recovery of product development costs from co-development partners (net)	(2,248)	(1,632)
Product development costs capitalised	(1,026)	(1,933)
	4,392	2,899

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, 2020		March 31, 2019	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	601,750	67	670,497	126
Granted during the year	–	–	–	–
Forfeited during the year	(90,000)	53		–
Exercised during the year	(424,750)	68	(369,622)	120
Expired during the year	–	–	–	–
Outstanding at the end of the year	87,000	75	300,875	134
Exercisable at the end of the year	87,000	75	114,875	113
Weighted average remaining contractual life (in years)	0.1	–	0.8	–
Range of exercise prices for outstanding options at the end of the year	73–77	–	91–157	–

* adjusted for the effect of bonus shares

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, 2020		March 31, 2019	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,334,100	79	1,716,050	157
Granted during the year	–	–	–	–
Forfeited during the year	–	–	(1,125)	157
Exercised during the year	(1,301,100)	78	(1,047,875)	157
Expired during the year	–	–	–	157
Outstanding at the end of the year	33,000	78	667,050	157
Exercisable at the end of the year	33,000	78	667,050	157
Weighted average remaining contractual life (in years)	0.3	–	0.4	–
Weighted average fair value of options granted (₹)	–	–	–	–
Range of exercise prices for outstanding options at the end of the year	78	–	157	–

* adjusted for the effect of bonus shares

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, 2020		March 31, 2019	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	4,628,400	80	3,102,725	161
Granted during the year	–	–	90,000	178
Forfeited during the year	(435,750)	76	(491,625)	155
Exercised during the year	(800,375)	77	(386,900)	154
Expired during the year	–	–	–	–
Outstanding at the end of the year	3,392,275	81	2,314,200	160
Exercisable at the end of the year	600,025	80	91,200	152
Weighted average remaining contractual life (in years)	2.3	–	3.2	–
Weighted average fair value of options granted (₹)	–	–	74	–
Range of exercise prices for outstanding options at the end of the year	69–124	–	138–247	–

* adjusted for the effect of bonus shares

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, 2020		March 31, 2019	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,041,000	81	727,500	161
Granted during the year	–	–	30,000	142
Forfeited during the year	(40,500)	124	(72,000)	115
Exercised during the year	(289,000)	74	(165,000)	152
Expired during the year	–		–	–
Outstanding at the end of the year	711,500	80	520,500	162
Exercisable at the end of the year	368,000	77	78,000	152
Weighted average remaining contractual life (in years)	1.4	–	2.3	–
Weighted average fair value of options granted (₹)	–	–	59	–
Range of exercise prices for outstanding options at the end of the year	71-124	–	142-247	–

* adjusted for the effect of bonus shares

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, 2020		March 31, 2019	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	7,807,500	122	2,745,000	183
Granted during the year	1,755,000	129	1,920,000	316
Forfeited during the year	(2,182,500)	109	(761,250)	200
Exercised during the year	(28,688)		–	–
Expired during the year			–	–
Outstanding at the end of the year	7,351,312	127	3,903,750	244
Exercisable at the end of the year	78,562	131	–	–
Weighted average remaining contractual life (in years)	5.2	–	5.8	–
Weighted average fair value of options granted (₹)	165	–	407	–
Range of exercise prices for outstanding options at the end of the year	69–173	–	138–346	–

* adjusted for the effect of bonus shares

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, 2020		March 31, 2019	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	4,932,870	117	1,485,750	163
Granted during the year	3,341,250	157	1,353,750	302
Forfeited during the year	(436,499)	131	(219,000)	228
Exercised during the year	(826,863)	100	(154,065)	153
Expired during the year			–	–
Outstanding at the end of the year	7,010,758	137	2,466,435	234
Exercisable at the end of the year	597,132	124	90,060	155
Weighted average remaining contractual life (in years)	3.0	–	3.6	–
Weighted average fair value of options granted (₹)	192	–	370	–
Range of exercise prices for outstanding options at the end of the year	62-167	–	124-330	–

*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2020 is ₹267 (March 31, 2019 - ₹626) per share after adjusting for the impact of bonus shares granted during the year.

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

Particulars	March 31, 2020	March 31, 2019
Weighted Average Exercise Price	78-167	142-346
Expected volatility	32.2% to 36.5%	32.3% to 35.6%
Historical volatility	34.9%	34.8%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Average risk-free interest rate	6.3%	7.6%
Expected dividend rate	0.8%	0.9%

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, 2020		March 31, 2019	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)"
Outstanding at the beginning of the year	1,564,262	–	1,049,394	–
Granted during the year	–	–	–	–
Forfeited during the year	(174,399)	–	(71,747)	–
Exercised during the year	(639,044)	–	(195,516)	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	750,819	–	782,131	–
Exercisable at the end of the year	295,780	–	116,398	–
Weighted average remaining contractual life (in years)	3.1	–	2.7	–
Weighted average fair value of options granted (₹)	–		–	

* adjusted for the effect of bonus shares

(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. For this purpose on January 8, 2020, the Company transferred 2,161,904 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, 2020		March 31, 2019	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)"
Outstanding at the beginning of the year	1,682,750	10	–	–
Granted during the year	587,877	10	1,682,750	10
Forfeited during the year	(278,513)	10	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	1,992,114	10	1,682,750	10
Exercisable at the end of the year	–	–	–	–
Weighted average remaining contractual life (in years)	5.3	–	6.8	–
Weighted average fair value of options granted (₹)	15.2	–	10	

In addition to the above grants, the Company during the year ended March 31, 2019 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 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, 2020	March 31, 2019
Weighted Average Exercise Price	10	10
Expected volatility	32.2% to 36.5%	32.3% to 35.6%
Life of the options granted (vesting and exercise period) in years	7	7
Average risk-free interest rate	6.3%	7.6%
Expected dividend rate	0%	0%

(d) Syngene ESOP Plan 2011

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

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). The cost for the year has been accounted in the statement of profit and loss is ₹ 181 (March 31, 2019 : ₹ 93).

Details of Grant

Particulars	March 31, 2020 No of Options*	March 31, 2019 No of Options
Outstanding at the beginning of the year	2,693,576	2,235,222
Granted during the year	711,613	191,668
Forfeited during the year	(103,038)	(52,139)
Exercised during the year	(612,577)	(1,027,963)
Outstanding at the end of the year	2,689,574	1,346,788
Exercisable at the end of the year	695,090	360,102
Weighted average exercise price	11.25	22.50
Weighted average fair value of shares granted during the year under Black Scholes Model (In ₹)	312.6	556.5
Weighted average share price at the date of exercise (In ₹)	295.8	578.7

* adjusted for the effect of bonus shares

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

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

Particulars	March 31, 2020*	March 31, 2019
Dividend yield (%)	0.2%	0.2%
Exercise Price (in ₹)	11.25	22.50
Expected volatility	27.3%	30.5%
Life of the options granted (vesting and exercise period) in years	6.15	6.15
Average risk-free interest rate	7.0%	7.9%

* adjusted for the effect of bonus shares

(e) Syngene Restricted Stock Unit Long Term Incentive Plan 2020

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

Particulars	March 31, 2020*	March 31, 2019
Summary of movement in respect of shares held by ESOP Trust is as follows:		
Opening balance	17,170,448	9,005,047
Add: Shares purchased by the ESOP trust	1,312,200	1,703,639
Less: Shares exercised by employees	(3,670,776)	(2,123,462)
Closing balance	**14,811,872**	**8,585,224**
Options granted and eligible for exercise at end of the year	1,763,719	1,041,185
Options granted but not eligible for exercise at end of the year	16,822,126	9,131,625
*adjusted for the effect of bonus shares		
Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:		
Opening balance	3,192,778	1,791,905
Less: Shares exercised by employees	(639,044)	(195,516)
Less: Shares sold by the RSU Trust	(812,249)	–
Closing balance	**1,741,485**	**1,596,389**
Options granted and eligible for exercise at end of the year	295,780	116,398
Options granted but not eligible for exercise at end of the year	455,039	665,733

*adjusted for the effect of bonus shares

Particulars	March 31, 2020*	March 31, 2019
31. Earnings per share ('EPS')		
Earnings		
Profit for the year attributable to the shareholders of the Company	7,482	9,053
Shares		
Basic outstanding shares	1,200,000,000	1,200,000,000
Less: Weighted average shares held with the ESOP Trust	(15,869,486)	(16,643,386)
Weighted average shares used for computing basic EPS	**1,184,130,514**	**1,183,356,614**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	3,163,963	7,773,190
Weighted average shares used for computing diluted EPS	**1,187,294,477**	**1,191,129,804**
Earnings per share		
Basic (in ₹)	6.32	7.65
Diluted (in ₹)	6.30	7.60

* adjusted for the effect of bonus shares

32. Exceptional items (net)

(a) Consequent to the approvals received from the Board of Directors on October 26, 2017 and from the shareholders on December 07, 2017, the Company has transferred the business undertaking related to manufacturing and commercialisation of Biosimilars, Insulins and drug substance manufactured in the GPP facility under the Biologics segment of the Group on a going concern basis by way of slump sale to BBIL effective May 01, 2019 for a consideration of ₹7,054.

Also, consequent to the approval received from the Company's Board of Directors on June 17, 2019, the Company transferred Branded Formulations (BFI) business on a going concern basis by way of a slump sale to BBIL effective August 01, 2019 for a consideration of ₹621. Gain on disposal of assets / liabilities amounting to ₹121 which is exceptional in nature has been disclosed under the discontinued operations in standalone financial statement. Consequential tax impact of ₹44 has been recorded in the standalone and consolidated financial statement which is included within tax expense.

(b) During the year, pursuant to group entities restructuring the Company sold its investment in the equity shares of Biocon Biologics Limited, United Kingdom (BUK), a wholly owned subsidiary to BBIL for a consideration of ₹10,810 and received dividend of ₹456 from BUK. Gain arising from such sale of equity shares, including dividend income, amounting to ₹820 is recorded as an exceptional item in the standalone financial statements. Consequential tax of ₹166 is included within tax expense from continuing operations in standalone and consolidated financial statements.

(c) During the year, the Company has entered into a License Agreement with Bicara, a wholly owned subsidiary, pursuant to which the Company has granted a license to develop, manufacture and commercialize fusion proteins. Gain on such licensing of ₹550 has been recorded as an exceptional income in the standalone financial statements of the Company. Consequential tax impact of ₹192 has been recorded in the standalone and consolidated financial statements which is included within tax expense.

(d) 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. Syngene had recorded a loss of ₹ 1,057 arising from such incident till March 31, 2020. The Company has received the disbursements of ₹ 1,770 (March 31, 2019: ₹ 815) from the insurance company against the loss till March 31, 2020. The aforementioned receivable and the disbursements from the insurance claim has been presented on a net basis as ₹ 713 under Exceptional items in these financial statements. Consequential tax of ₹ 254 is included within tax expense in these financial statment.

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.

(e) 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 year ended March 31, 2019, 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 , net of tax expenses of ₹ 184 for the year ended March 31, 2019, which has been disclosed as an Exceptional item in these 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.

(f) During year ended March 31, 2020, BBIL has paid registration fees for increasing authorise share capital and stamp duty fees on issue of such shares, amounting to ₹38 is recorded as exceptional item as this was part of its group restructuring.

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 #
Arun Chandavarkar	Joint Managing Director & CEO (w.e.f April 24, 2014 , upto November 30, 2019)
Siddharth Mittal	Joint Managing Director & CEO (effective from December 1, 2019) #
Siddharth Mittal	President - Finance & Chief Financial Officer (upto November 30, 2019)
Mayank Verma	Company Secretary (w.e.f July 25, 2019)
Satish Kumar S S	Company Secretary (w.e.f Sep 01, 2018 upto March 15, 2019)
Russell Walls	Independent director (upto July 26, 2019)
Daniel M Bradbury	Independent director
Jeremy M Levin	Independent director (upto January 23, 2020)
Mary Harney	Independent director
Vijay K Kuchroo	Independent director
M Damodaran	Independent director
Bobby K Parikh	Independent director
John Shaw	Non-executive director
Ravi Mazumdar	Non-executive director
Joint Ventures	
NeoBiocon FZ LLC	Joint-venture

Name of related parties	Nature of relationship
Other related parties	
Biocon Foundation	Trust in which key management personnel are the Board of Trustees
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors
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
Claire Mazumdar	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	Transaction / Balances	March 31, 2020	March 31, 2019
Key management personnel	Salary and perquisites [refer note (a) & (b) below]	128	90
	Sitting fees and commission	36	36
	Sale of Vehicle	–	1
	Sale of equity shares of Biocon Biologics India Limited	–	3
	Outstanding as at the year end:		
	- Trade and other payables	2	5
Joint Venture	Sale of goods	–	5
	Purchase of goods	610	1,472
	Sales promotion expenses	134	92
	Dividend received	–	216
	Expenses incurred by the related party on behalf of company	–	–
	Expenses incurred on behalf of the related party	5	1
	Outstanding as at the year end:		
	- Trade and other receivables	5	2
	- Trade and other payables	428	1,048
Other related parties	Sale of goods	70	83
	Sale of services	1	1
	Salary and perquisites (includes sitting fees)	14	–
	Sale of equity shares of Biocon Biologics India Limited	–	– *
	Health services availed	4	8
	Investment in compulsorily converterable debentures	100	–
	Expenses towards Scientific and Research services	1	2
	Expenses incurred on behalf of the related party	2	–
	CSR Expenditure	101	104
	Other expenses	43	36
	Outstanding as at the year end:		
	- Trade and other receivables	19	4
	- Trade and other payables	3	–

* Amounts are not represented since the amounts are rounded off to Rupees million.

Ms. Kiran Mazumdar Shaw is an Executive Chairperson and Mr. Siddharth Mittal is Managing Director and CEO of Biocon Limited effective from April 1, 2020.

(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 ₹15 (March 31, 2019 - ₹8) 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.

	March 31, 2020	March 31, 2019
34. Contingent liabilities and commitments		
(to the extent not provided for)		
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	7,020	7,903
The above includes:		
(i) Direct taxation	5,890	6,663
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	725	835
(iii) Other matters	405	405

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 in one of its subsidiary.

The Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Group believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.

Other than the matter disclosed above, the Company is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters are not tenable and will not have any material adverse effect on the Group's financial position and results of operations.

	March 31, 2020	March 31, 2019
(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.	2	57
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	7,729	7,898

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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, 2019	**890**	**(50)**	**840**
Current service cost	121	–	121
Interest expense / (income)	59	(3)	56
Amount recognised in Statement of profit and loss	**180**	**(3)**	**177**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	–	(1)	(1)
Actuarial (gain) / loss arising from:			
Demographic assumptions	(8)	–	(8)
Financial assumptions	31	–	31
Experience adjustment	46	–	46
Amount recognised in other comprehensive income	**69**	**(1)**	**68**
Employers contribution	(5)	12	7
Benefits paid	(80)	–	(80)
Balance as at March 31, 2020	**1,054**	**(42)**	**1,012**

	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**

	March 31, 2020	March 31, 2019
Non-current	858	661
Current	154	179
	1,012	840

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

	March 31, 2020	March 31, 2019
Interest rate	5.8% - 6.4%	7.0% - 7.2%
Discount rate	5.8% - 6.4%	7.0% - 7.2%
Expected return on plan assets	5.8% - 6.4%	7.0% - 7.2%
Salary increase	9%	9% - 10%
Attrition rate	6% - 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 Group's defined benefit obligation was 6-9 years (March 31, 2019 - 6-9 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, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate	(61)	69	(51)	57
Salary increase	66	(63)	56	(51)
Attrition rate	(15)	16	(11)	12

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, 2020 and March 31, 2019, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2021, is approximately ₹108 (March 31, 2020 - ₹126).

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	136
2nd Following year	110
3rd Following year	109
4th Following year	119
5th Following year	119
Years 6 to 10	537
Years 11 and above	558

36. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount					Fair value			
March 31, 2020	FVTPL	FVTOCI	Amortised Cost	FVTOE*	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Non-current investments	100	563	280	–	943	563	–	100	663
Derivative assets	–	451	–	–	451	–	451	–	451
Current investments	563	–	8,013	–	8,576	563	–	–	563
Trade receivables	–	–	12,237	–	12,237	–	–	–	–
Cash and cash equivalents	–	–	9,101	–	9,101	–	–	–	–
Other bank balances	–	–	885	–	885	–	–	–	–
Other financial assets	–	–	5,067	–	5,067	–	–	–	–
	663	**1,014**	**35,583**	**–**	**37,260**	**1,126**	**451**	**100**	**1,677**
Financial liabilities									
Borrowings	–	–	26,254	–	26,254	–	–	–	–
Trade payables	–	–	13,251	–	13,251	–	–	–	–
Derivative liability	–	2,182	–	–	2,182	–	2,182	–	2,182
Other financial liabilities	–	–	4,723	5,363	10,086	–	–	5,363	5,363
Lease liabilities			899	–	899	–	–	–	–
	–	**2,182**	**45,127**	**5,363**	**52,672**	**–**	**2,182**	**5,363**	**7,545**

*Refer note 16 for measurement of non current financial liabilities carried at fair value through other equity (FVTOE).

	Carrying amount					Fair value			
March 31, 2019	FVTPL	FVTOCI	Amortised Cost	FVTOE*	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**

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 in other comprehensive income (OCI).

Significant observable inputs	March 31, 2020 Profit or (loss)		March 31, 2019 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(415)	451	(410)	376
Interest rates (100 bps movement)	(105)	105	(280)	280

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 at reporting date is primarily from trade receivables and unbilled revenues amounting to ₹ 12,237 and ₹ 843 respectively (March 31, 2019: ₹ 12,918 and ₹ 1,492 respectively). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	March 31, 2020	March 31, 2019
Opening balance	140	137
Allowance for credit loss recognised / (reversed)	(17)	3
Closing balance	123	140

There are no receivable from customer of the Group's trade receivables 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 14 and note 19.

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Long-term borrowings	7,356	3,743	4,243	4,236	19,578
Short-term borrowings	6,676	–	–	–	6,676
Trade payables	13,251	–	–	–	13,251
Lease liabilities	144	163	350	968	1,625
Other financial liabilities	5,444	587	6,237	–	12,268
Total	32,871	4,493	10,830	5,204	53,398

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	More than 5 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

(iv) Market risk

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

Foreign currency risk

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

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

March 31, 2020	USD	EUR	Others	Total
Financial assets				
Trade receivables	8,739	192	579	9,510
Cash and cash equivalents	6,800	320	74	7,194
Other financial assets	4,442	19	49	4,510
Financial liabilities				
Long term borrowings (including current maturities)	(19,571)	–	–	(19,571)
Current borrowings	(6,423)	–	(253)	(6,676)
Derivative liability	(212)	–	–	(212)
Trade payables	(4,397)	(624)	(837)	(5,858)
Other financial liabilities	(1,078)	(207)	(343)	(1,628)
Net financial assets / (liabilities)	(11,700)	(300)	(731)	(12,731)

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				
Long term borrowings (including current maturities)	(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)**

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
USD Sensitivity				
INR/USD - Increase by 1%	(38)	(161)	(532)	(568)
INR/USD - Decrease by 1%	38	161	568	534
EUR Sensitivity				
INR/EUR - Increase by 1%	(3)	3	(3)	–
INR/EUR - Decrease by 1%	3	(3)	3	–

Derivative financial instruments

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

(in Million)

Particulars	March 31, 2020	March 31, 2019
Foreign exchange forward contracts to buy	USD 402	USD 436
European style option contracts with periodical maturity dates	USD 155	USD 150
European style option contracts with periodical maturity dates	USD 24	–
European style range forward contracts with periodical maturity dates	USD 50	USD 61
European style range forward contracts with periodical maturity dates	EUR 1	EUR 7
Interest rate swaps used for hedging LIBOR component in external commercial borrowings	USD 50	USD 75

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2020 and March 31, 2019 the Company's borrowings at variable rate were 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, 2020	March 31, 2019
Variable rate borrowings	20,476	18,849
Fixed rate borrowings	5,778	5,381
Total borrowings	**26,254**	**24,230**

(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, 2020 and 2019 was as follows:

Particulars	March 31, 2020	March 31, 2019
Total equity attributable to owners of the Company	67,058	60,980
As a percentage of total capital	72%	72%
Long-term borrowings	19,578	21,458
Short-term borrowings	6,676	2,612
Total borrowings	26,254	24,070
As a percentage of total capital	28%	28%
Total capital (Equity and Borrowings)	93,312	85,050

	March 31, 2020	March 31, 2019
38. Tax expenses		
(a) Amount recognised in Statement of profit and loss		
Current tax	2,713	2,038
Deferred tax expense / (income) related to:		
MAT credit entitlement	(374)	(138)
Origination and reversal of temporary differences	812	223
Tax expense for the year	3,151	2,123
(b) Reconciliation of effective tax rate		
Profit before tax	11,860	12,149
Tax at statutory income tax rate 34.94% (March 31, 2019 - 34.94%)	4,144	4,245
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Difference in overseas/domestic tax rates	(289)	(1,158)
Weighted deduction on research and development expenditure	(322)	(338)
Exempt income and other deductions	(2,042)	(1,072)
Non-deductible expense	262	133
Previously unused temporary differences for which deferred tax asset has been recognised	–	(289)
Tax losses	947	587
Share in loss/ (profit) of joint venture	101	(3)
Others (including tax on exceptional items)	350	18
Income tax expense	3,151	2,123
(c) Tax losses		
Unused temporary differences for which no deferred tax asset has been recognised	3,041	1,314
Potential tax impact	793	326
Expiry date [Financial year]	2022-23 to 2039-40	2022-23 to 2037-38

(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, 2020	Opening balance	Recognised in profit or loss	Recognised in OCI	Exchange difference	Recognised in equity	Closing balance
Deferred tax liability						
Property, plant and equipment, investment property and intangible assets	990	711	–	59	–	1,760
Derivatives	48	–	(48)		–	–
Others	129	–	(85)	1	–	45
Gross deferred tax liability	**1,167**	**711**	**(133)**	**60**	**–**	**1,805**
Deferred tax assets						
Defined benefit obligations	348	48	38	–	–	434
Derivatives	–	–	449	–	–	449
Allowance for doubtful debts	31	(20)	–	–	–	11
Other disallowable expenses	187	(60)	–	–	–	127
MAT credit entitlement	3,316	374	–	–	–	3,690
Deferred revenue	288	(72)	–	2	–	218
Others	244	3	7	–	4	258
Gross deferred tax assets	**4,414**	**273**	**494**	**2**	**4**	**5,187**
	3,247	**(438)**	**627**	**(58)**	**4**	**3,382**

For the year ended March 31, 2019	Opening balance	Recognised in profit or loss	Recognised in OCI	Exchange difference	Recognised in equity	Closing balance
Deferred tax liability						
Property, plant and equipment, investment property and intangible assets	806	184	–	–	–	990
Derivative assets	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**

	March 31, 2020	March 31, 2019
Deferred tax assets (net)	3,680	3,247
Deferred tax liability (net)	(298)	–
Total	3,382	3,247

39. Interest in other entities

(a) Subsidiaries

The Group's subsidiaries as at March 31, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by the non-controlling interest		Principal activities
		March 31, 2020 %	March 31, 2019 %	March 31, 2020 %	March 31, 2019 %	
Syngene International Limited	India	70.2	70.2	29.8	29.8	Research services
Biocon Pharma Limited	India	100.0	100.0	–	–	Biopharmaceutical manufacturing
Biocon Biologics India Limited*	India	96.1	100.0	3.9	–	Biopharmaceutical manufacturing
Biocon Biosphere Limited	India	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	96.1	100.0	3.9	–	Biopharmaceutical manufacturing
Biocon Biologics Limited	United Kingdom	96.1	100.0	3.9	–	Sale of biosimilar products
Biocon Biologics Inc.	United States	96.1	–	3.9	–	Business support and marketing for Biosimilar products
Biocon Pharma Inc.	United States	100.0	100.0	–	–	Sale of pharmaceutical products
Biocon Healthcare SDN. BHD	Malaysia	96.1	100.0	3.9	–	Trading of biopharmaceutical products
Syngene USA Inc.	United States	70.2	70.2	29.8	29.8	Business support and marketing for research services
Biocon Pharma UK Limited	United Kingdom	100.0	100.0	–	–	Sale of pharmaceutical products
Biocon Pharma Ireland Limited	Ireland	100.0	100.0	–	–	Sale of pharmaceutical products
Bicara Therapeutics Inc	United States	100.0	100.0	–	–	Research and development
Biocon FZ LLC.	Dubai	100.0	100.0	–	–	Trading of biopharmaceutical products

* Also refer note 16

(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 as on March 31, 2020. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised balance sheet

Particulars	March 31, 2020	March 31, 2019
Non-current assets	25,503	19,394
Current assets	16,126	17,641
Total assets	**41,629**	**37,035**
Non-current liabilities	4,479	6,065
Current liabilities	15,392	11,286
Total liabilities	**19,871**	**17,351**
Net assets	**21,758**	**19,684**
Accumulated non-controlling interest	**6,751**	**6,089**

Summarised statement of profit and loss

Particulars	March 31, 2020	March 31, 2019
Revenue from operations	20,119	18,256
Profit for the year	4,121	3,316
Other comprehensive income	(1,916)	(702)
Total comprehensive income	**2,205**	**2,614**
Total comprehensive income allocated to non-controlling interests	657	801
Dividends (including dividend distribution tax) paid to non-controlling interests	71	71

Summarised statement of cash flows

Particulars	March 31, 2020	March 31, 2019
Cash flows from operating activities	6,771	6,304
Cash flows used in investing activities	(4,284)	(6,465)
Cash flows used in financing activities	(2,255)	(724)
Net increase / (decrease) in cash and cash equivalents	**232**	**(885)**

(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, 2020 holding 49% (March 31, 2019: 49%) of the equity stake and accounted for using the equity method. 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, 2020	March 31, 2019
Non-current assets	20	18
Current assets	1,209	1,760
Total assets	**1,229**	**1,778**
Non-current liabilities	78	62
Current liabilities	588	627
Total liabilities	**666**	**689**
Net assets	**563**	**1,089**
Percentage ownership interest	49%	49%
Accumulated Group's share of net assets	142	431

Summarised statement of profit and loss of NeoBiocon

Particulars	March 31, 2020	March 31, 2019
Revenue from operations	626	1,468
Profit for the year	(590)	18
Other comprehensive income	–	–
Total comprehensive income	**(590)**	**18**
Share of profits from joint venture	(289)	9
Dividends received	–	216

(d) Interest in associates

Particulars	March 31, 2020	March 31, 2019
IATRICa Inc. - 4,285,714 (March 31, 2019 - 4,285,714) Series A Preferred Stock at US$ 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)
	–	–
Total investment in associate and joint venture	142	431

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, 2019 to March 31, 2020

Particulars	SMV	Biologics	BF	Research	Unallocated	Eliminations	Total
Revenues							
External revenue	20,937	18,003	5,362	19,370	–	–	63,672
Inter-segment revenue	–	1,510	–	749	–	(2,259)	–
Total revenues	**20,937**	**19,513**	**5,362**	**20,119**	**–**	**(2,259)**	**63,672**
Costs							
Segment costs	(16,447)	(11,775)	(3,362)	(14,084)	–	–	(45,668)
Inter-segment costs	–	(749)	(1,510)	–	–	2,259	–
Results							
Corporate expenses	–	–	–	–	(1,973)	–	(1,973)
Other income including interest	337	259	–	960	58	–	1,614
Operating profit							**17,645**
Depreciation / Amortisation	(727)	(2,430)	(10)	(2,193)	(162)	–	(5,522)
Finance costs	–	–	–	(346)	(303)	–	(649)
Share of profit/(loss) of joint venture and associate	–	–	(289)	–	–	–	(289)
Segment results	**4,100**	**4,818**	**191**	**4,456**	**(2,380)**	**–**	**11,185**
Exceptional items, net	–	–	–	–	675	–	675
Income taxes - Current and deferred	–	–	–	–	(3,151)	–	(3,151)
Non-controlling interests	–	–	–	–	(1,227)	–	(1,227)
Profit after taxes							**7,482**
Other Information							
Segment assets	24,264	63,821	1,870	41,629	–	–	131,584
Unallocable corporate assets	–	–	–	–	12,854	–	12,854
Total assets							**144,438**
Segment liabilities	6,322	18,077	1,191	19,871	–	–	45,461
Unallocable corporate liabilities	–	–	–	–	25,146	–	25,146
Total liabilities							**70,607**

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**

Geographical segments

Revenues, net	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
India	14,112	16,588
United States of America	21,299	15,046
Ireland	9,857	4,165
Rest of the world	18,404	19,345
Total	**63,672**	**55,144**

Non-current assets	March 31, 2020	March 31, 2019
India	52,465	39,611
Malaysia	24,361	21,809
Rest of the world	6,501	4,184
Total	**83,327**	**65,604**

Note: Non-current assets excludes financial instruments, income tax and deferred tax assets

Significant clients

One customer individually accounted for ₹ 9,846 (March 31, 2019: ₹ 4,175) which is more than 10% of the total revenue of the Group for the year ended March 31, 2020.

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, 2020		Share in profit or loss for the year ended March 31, 2020		Share in other comprehensive income for the year ended March 31, 2020		Share in total comprehensive income for the year ended March 31, 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Holding Company								
Biocon Limited	56%	75,373	44%	4,409	4%	(77)	54%	4,332
Subsidiaries								
Indian								
Syngene International Limited	11%	14,987	29%	2,888	64%	(1,346)	19%	1,542
Biocon Pharma Limited	–	316	-4%	(444)	1%	(26)	-6%	(470)
Biocon Biologics India Limited	7%	10,131	29%	2,883	3%	(67)	35%	2,816
Biocon Biosphere Limited	–	(4)	–	(4)	–	–	–	(4)
Biocon Academy	–	–	–	–	–	–	–	–
Foreign								
Biocon SA	3%	4,021	–	(32)	–	–	–	(32)
Biocon Sdn Bhd	6%	8,285	-28%	(2,794)	0%	(8)	-35%	(2,802)
Biocon Biologics Limited	11%	15,213	26%	2,631	–	–	33%	2,631
Biocon Pharma Inc.	–	947	–	277	–	–	–	277
Biocon FZ LLC.	–	62	–	65	–	–	–	65
Biocon Healthcare Sdn Bhd	–	(1)	–	(8)	–	–	–	(8)
Syngene USA Inc.	–	20	–	6	–		–	6
Biocon Pharma UK Limited	–	(14)	–	(45)	–	–	–	(45)
Biocon Pharma Ireland Limited	–	(17)	–	(16)	–	–	–	(16)
Bicara Therapeutics Inc	–	(688)	–	(649)	–	–	–	(649)
Biocon Biologics Inc.	–	–	–	–	–	–	–	–
Joint venture								
Foreign								
NeoBiocon FZ LLC.	–	142	–	(289)	–	–	–	(289)
Associates								
Foreign								
IATRICa Inc., USA	–	–	–	–	–	–	–	–
Non-controlling interest	5%	6,773	12%	1,227	27%	(570)	8%	657
Gross Total	**100%**	**135,546**	**100%**	**10,105**	**99%**	**(2,094)**	**100%**	**8,011**
Adjustment arising on consolidation		(61,715)		(1,396)		210		(1,186)
Total		**73,831**		**8,709**		**(1,884)**		**6,825**

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	47%	4,927	–23%	131	51%	5,058
Subsidiaries								
Indian								
Syngene International Limited	11%	13,592	22%	2,334	92%	(530)	18%	1,804
Biocon Research Limited*	1%	1,553	5%	557	-3%	17	6%	574
Biocon Pharma Limited	–	410	–5%	(481)	3%	(16)	-5%	(497)
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	31%	3,276	–	–	33%	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	–	–	–	–	–	–	–	–
Biocon Biologics Inc.	–	–	–	–	–	–	–	–
Joint venture								
Foreign								
NeoBiocon FZ LLC.	–	431	–	9	–	–	–	9
Associates								
Foreign								
IATRICa Inc., USA	–	–	–	–	–	–	–	–
Non-controlling interest	5%	6,089	9%	973	30%	(172)	8%	801
Gross Total	**100%**	**120,747**	**100%**	**10,543**	**100%**	**(578)**	**100%**	**9,965**
Adjustment arising on consolidation		(53,678)		(517)		(146)		(663)
Total		**67,069**		**10,026**		**(724)**		**9,302**

* Biocon Research Limited ('BRL') was the wholly owned subsidiary of Biocon Limited and engaged primarily in providing research and development and scientific support services in Biosimilar to other group companies of Biocon Limited.

On April 01, 2019, the Board of Directors of the Company approved a Scheme of arrangement (""Scheme"") for merger of BRL (""the Transferor"") with Biocon Biologics India Limited ('BBIL') (""the Transferee"") under Section 230 to 232 of Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The National Company Law Tribunal vide its order dated February 04, 2020 approved the Scheme with appointed date of April 01, 2019.

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, 2020.

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, 2020	March 31, 2019
(a) Gross amount required to be spent by the Group during the year	153	148

(b) Amount spent during the year ended March 31, 2020:

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	153	–	153

(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

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

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

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

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

Sampad Guha Thakurta
Partner
Membership No.: 060573

Bengaluru
May 14, 2020

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

Kiran Mazumdar-Shaw
Executive Chairperson
DIN: 00347229

Siddharth Mittal
Managing Director & CEO
DIN: 03230757

Mayank Verma
Company Secretary

Bengaluru
May 14, 2020

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Concept

The Impact Manifesto

As a committed stakeholder of the global health agenda under the UN Sustainable Development Goals (SDGs), Biocon has drawn up a manifesto to deliver on its commitment to universal healthcare. The Annual Report 2020 captures the roadmap to delivering the best in biopharma and breaking new ground. The report also captures the milestones we reached during FY20, which deserve to stand out and be showcased in all their glory — just as bold letters and words that leave lasting impressions on a blank page.

Story Telling:
Team Corporate Communications, Biocon
seema.ahuja@biocon.com

Creative Concept and Design:
Pink Lemonade Communications Pvt. Ltd.
www.pinklemonade.in

Corporate Information

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Forward Looking Statement

Biocon FY20 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.

In an effort to realize our vision of a cleaner, greener future, we've actively made the decision to share digital versions of the 2020 Annual Report with all the stakeholders who drive Biocon. This digital report can also be downloaded from our website or by using the QR code given on page 9.

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