Notes to the Standalone Financial Statements

for the year ended March 31, 2021

1. Company Overview

1.1 Reporting entity

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

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2021. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 27 Apr 2021.

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 (i.e. on accrual basis), except for the following items:

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

d) Use of estimates and judgements

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

Judgements

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

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

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 is included in the following notes:

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

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

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

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

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

1.4 Measurement of fair values

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

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

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

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

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

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

— Note 33 – share based payment arrangements.

2 Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

— amortised cost;

— Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or

— Fair Value through Profit or Loss (FVTPL).

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

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

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

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

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

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

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

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

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

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Investments in subsidiaries
Equity investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

Financial assets: Subsequent measurement and gains and losses

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

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

iii. Derecognition

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

v. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

vi. Treasury shares

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

vii. Cash and cash equivalents

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

Cash dividend to equity holders

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

b. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises its purchase price including import duty and non-refundable taxes or levies, 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.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised.

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

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

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

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

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

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. Freehold land and land under perpetual lease are not depreciated.

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

iii. Reclassification to investment property

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

c. Investment property

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

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

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

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

d. Intangible assets

Internally generated: Research and Development:
Expenditure on research activities is recognised in statement of profit and loss as incurred.

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

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

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 brands, is recognised in statement of profit and loss as incurred.

ii. Amortisation

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

— Computer software 5 years

— Intellectual property rights 5-10 years

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

e. Business combination

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

f. Inventories

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

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

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

g. Impairment

i. Impairment of financial assets

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

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

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

ii. Impairment of non-financial assets

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

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

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

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

An impairment loss in respect of 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. Short-term employee benefits

All employee benefits falling due within twelve months from the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly."

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

ii. Post-employment benefits:

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

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.

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. The Company's contribution to the provident fund is charged to Statement of Profit and Loss.

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.

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

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. The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognised as an employee expense.

The Company has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Company but as a subsidiary of the Company. Any loan from the Company to the trust is accounted for as a loan in accordance with its term.

The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

i. Provisions (other than for employee benefits)

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

j. Revenue recognition:

i. Contract research and manufacturing services income

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

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

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

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

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

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

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

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

ii. Rental income

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

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

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

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

iv. Dividends

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

v. Interest Income

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

k. Government grants

The Company recognises Government grants only at their fair value when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues or deducted in reporting the related expense based on the terms of the grant, as applicable.

l. Foreign currency Transactions and translations:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

m. 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. Provision for income tax includes the impact of provisions established for uncertain income tax positions.

Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

— 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 tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

n. 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.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

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

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

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

(ii) The Company as a Lessor:

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

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. Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

r. Recent accounting developments

MCA issued notifications dated 24 March 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April 2021. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At 1 April 2019	703	3,313	16,175	121	389	30	172	20,903	2,737
Additions	-	2,234	5,314	40	112	3	-	7,703	7,307
Reclassification to right-of-use assets on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	-	-	-	-	-	(172)	(172)	-
Disposals / other adjustments	-	-	(168)	-	-	(3)	-	(171)	(7,703)
At 31 March 2020	**703**	**5,547**	**21,321**	**161**	**501**	**30**	**-**	**28,263**	**2,341**
Additions	-	650	3,389	20	109	15	-	4,183	4,214
Transfer to investment property [refer note (g)]	-	(50)	(8)	-	-	-	-	(58)	-
Disposals / other adjustments	-	(6)	(161)	-	(4)	(7)	-	(178)	(4,183)
At 31 March 2021	**703**	**6,141**	**24,541**	**181**	**606**	**38**	**-**	**32,210**	**2,372**
Accumulated depreciation									
At 1 April 2019	-	686	6,675	81	191	16	27	7,676	-
Depreciation for the year	-	147	1,768	29	56	8	-	2,008	-
Transfer to right-of-use asset on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	-	-	-	-	-	(27)	(27)	-
Disposals	-	-	(158)	-	-	(2)	-	(160)	-
At 31 March 2020	**-**	**833**	**8,285**	**110**	**247**	**22**	**-**	**9,497**	**-**
Depreciation for the year	-	232	2,177	30	74	3	-	2,516	-
Transfer to investment property	-	-	-	-	-	-	-	-	-
Disposals	-	(2)	(114)	-	(3)	(6)	-	(125)	-
At 31 March 2021	**-**	**1,063**	**10,348**	**140**	**318**	**19**	**-**	**11,888**	**-**
Net carrying amount									
At 31 March 2020	**703**	**4,714**	**13,036**	**51**	**254**	**8**	**-**	**18,766**	**2,341**
At 31 March 2021	**703**	**5,078**	**14,193**	**41**	**288**	**19**	**-**	**20,322**	**2,372**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross carrying amount - Rs 661 (31 March 2020 - Rs 661).

(b) Plant and equipment includes computers.

(c) Buildings with a gross carrying amount of Rs 3,786 as at 31 March 2021 (as at 31 March 2020 - Rs 3,593) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited, the holding Company.

(d) Foreign exchange loss of Rs 712 [as at 31 March 2020 - Rs 667] on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset pursuant to option available on long-term foreign currency monetary items which were obtained before the beginning of the first Ind AS financial reporting period as per the previous GAAP (refer note 2(b)(i)).

(e) Additions to property, plant and equipment includes additions related to borrowing costs capitalised during the year amounting to Rs 10 (31 March 2020 - Rs Nil).

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

(g) During the year ended 31 March 2021, a portion of facility was reclassified as investment property [refer note 3(c)], as the Company leased out the facility to a related party.

(h) Refer note 31 (ii) (a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

3 (b) Right-of-use assets

	Land	Buildings	Vehicles	Total
Gross carrying amount				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(n) and 34]	-	172	-	172
Additions	65	696	39	800
At 31 March 2020	**65**	**868**	**39**	**972**
Additions	-	361	17	378
Disposals	-	(12)	-	(12)
At 31 March 2021	**65**	**1,217**	**56**	**1,338**
Accumulated depreciation				
At 1 April 2019	-	-	-	-
Reclassified from property, plant and equipment on account of adoption of Ind AS 116 [refer note 2(n)]	-	27	-	27
Depreciation for the year	20	58	3	81
At 31 March 2020	**20**	**85**	**3**	**108**
Depreciation for the year	21	85	8	114
Disposals	-	(5)	-	(5)
At 31 March 2021	41	165	11	217
Net carrying amount				
At 31 March 2020	**45**	**783**	**36**	**864**
At 31 March 2021	**24**	**1,052**	**45**	**1,121**

3 (c) Investment property

	Buildings [refer note (b)]	Furniture and fixtures	Office equipments	Plant and equipment	Total
Gross carrying amount					
At 1 April 2019	**34**	**3**	**1**	**460**	**498**
Additions	-	-	-	-	-
At 31 March 2020	**34**	**3**	**1**	**460**	**498**
Transfer from property, plant and equipment	50	-	-	8	58
Additions	-	-	-	-	-
At 31 March 2021	**84**	**3**	**1**	**468**	**556**
Accumulated depreciation					
At 1 April 2019	2	1	-	95	98
Depreciation for the year	1	1	-	38	40
At 31 March 2020	**3**	**2**	**-**	**133**	**138**
Transfer from property, plant and equipment	-	-	-	-	-
Depreciation for the year	3	1	1	37	42
At 31 March 2021	**6**	**3**	**1**	**170**	**180**
Net carrying amount					
At 31 March 2020	**31**	**1**	**1**	**327**	**360**
At 31 March 2021	**78**	**-**	**-**	**298**	**376**

Note:

(a) During the year, the Company has recognised rental income of Rs 222 (31 March 2020 : Rs 225) in the statement of profit and loss for investment property. The fair value of investment property as at 31 March 2021 is Rs 376 (31 March 2020 : Rs 360).

(b) Investment property with a cost of Rs 84 (31 March 2020 : Rs 34) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited.

(c) Refer note 31 (ii) (a) for disclosure of contractual commitments for the acquisition of investment property.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

4. Intangible assets

	Computer software	Intellectual property rights	Total
Gross carrying amount			
At 1 April 2019	189	120	309
Additions	130	-	130
Disposals	-	-	-
At 31 March 2020	**319**	**120**	**439**
Additions	57	-	57
Disposals	-	-	-
At 31 March 2021	**376**	**120**	**496**
Accumulated amortisation			
At 1 April 2019	106	62	168
Amortisation for the year	40	24	64
Disposals	-	-	-
At 31 March 2020	**146**	**86**	**232**
Amortisation for the year	49	24	73
Disposals	-	-	-
At 31 March 2021	**195**	**110**	**305**
Net carrying amount			
At 31 March 2020	**173**	**34**	**207**
At 31 March 2021	**181**	**10**	**191**

(a) Refer note 31 (ii) (a) for disclosure of contractual commitments for the acquisition of intangible assets.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

5. Investments

(a) Non-current investments

	31 March 2021	31 March 2020
Unquoted equity instruments of wholly owned subsidiary at cost:		
500 (31 March 2020: 500) Equity shares of USD 100 each in Syngene USA Inc., USA	3	3
Unquoted equity instruments carried at fair value through other comprehensive income:		
2,020 (31 March 2020: Nil) Equity shares of Rs 10 each in Immuneel Therapeutics Private Limited	100	-
Unquoted - In Others:		
Investments carried at fair value through profit or loss:		
123,203 (31 March 2020: Nil) Equity shares of Rs 100 each in Four EF Renewables Private Limited	12	-
246,406 (31 March 2020: Nil) Compulsory convertible preference shares of Rs 100 each in Four EF Renewables Private Limited [refer note(i) below]	25	-
Immuneel Therapeutics Private Limited - Nil (31 March 2020: 10,000,000) 0.01% unsecured compulsorily convertible debentures, par value Rs10 each fully paid up [refer note(ii) below]	-	100
Investments carried at amortized cost:		
Inter corporate deposits with financial institutions *	2,650	280
	2,790	383
Aggregate value of unquoted investments	2,790	383

Note:

(i) Terms of conversion: 1 compulsory convertible preference share of face value Rs 100/- each will convert to 1 equity share of face value Rs 100/- at end of the tenure of 20 years from allotment.

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

(b) Current investments

	31 March 2021	31 March 2020
Quoted - Investment in mutual funds at fair value through profit or Loss		
Aditya Birla Sun Life Liquid Fund - Nil (31 March 2020: 156,619) units of Rs Nil (31 March 2020: Rs 319) each	-	50
DSP Liquidity Fund- 51,003 (31 March 2020: Nil) units of Rs 2,941 (31 March 2020: Rs Nil) each	150	-
HDFC Liquid Fund - 55,884 (31 March 2020: Nil) units of Rs 4,041 (31 March 2020: RsNil) each	226	-
ICICI Prudential Liquid Fund - 591,980 (31 March 2020: Nil) units of Rs 305 (31 March 2020: Rs Nil) each	180	-
IDFC cash fund- 52,561 (31 March 2020: Nil) units of Rs 2,486 (31 March 2020: Rs Nil) each	131	-
Kotak Mahindra Mutual Fund - 60,353 (31 March 2020: Nil) units of Rs 4,155 (31 March 2020: RsNil) each	251	-
Nippon India Overnight Fund - Nil (31 March 2020: 1,126,048) units of Rs Nil (31 March 2020: Rs 107) each	-	121
Nippon India Liquid Fund - 26,914 (31 March 2020: Nil) units of Rs 5,031 (31 March 2020: Rs Nil) each	135	-
SBI Liquid Fund - 99,914 (31 March 2020: Nil) units of Rs 3,212 (31 March 2020: Rs Nil) each	321	-
UTI Liquid Fund Cash Plan - 26,859 (31 March 2020: Nil) units of Rs 3,368 (31 March 2020: Rs Nil) each	90	-
	1,484	**171**
Unquoted - In others - at amortised cost		
Inter corporate deposits with financial institutions *	**2,749**	**7,213**
	4,233	7,384
* Inter corporate deposits with financial institutions yield fixed interest rate.		
Aggregate book and market value of quoted investments	1,484	171
Aggregate value of unquoted investments	2,749	7,213

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

6. Other financial assets

	31 March 2021	31 March 2020
(a) Non-current		
Security deposits	149	146
Bank deposits with maturity of more than 12 months	889	-
	1,038	**146**
(b) Current		
Recoverable from insurance company (refer note 35)	105	-
Other receivables (refer note 26)	107	53
Interest accrued but not due	127	124
Unbilled revenues	1,354	509
	1,693	**686**

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

	31 March 2021	31 March 2020
Deferred tax asset		
MAT credit entitlement	1,774	1,506
Employee benefit obligations	104	130
Derivatives, net	-	420
Others	7	27
	1,885	**2,083**
Deferred tax liability		
Derivatives, net	24	-
Property, plant and equipment, investment property and intangible assets, net	974	856
	998	**856**
Deferred tax assets (net)	**887**	**1,227**

8. Other assets

(Unsecured considered good, unless otherwise stated)

	31 March 2021	31 March 2020
(a) Non-current		
Capital advances	84	117
Balances with statutory / government authorities	50	55
Prepayments	43	23
	177	195
(b) Current		
Advances other than capital advances	57	47
Export incentive receivables	445	432
Balances with statutory / government authorities	259	131
Prepayments	242	206
	1,003	**816**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

9. Inventories

	31 March 2021	31 March 2020
Chemicals, reagents and consumables *	294	202
Work-in-progress	212	33
Finished goods	90	17
	596	**252**

* includes goods in-transit Rs 24 (31 March 2020 - Rs 30)

10. Trade receivables

	31 March 2021	31 March 2020
Unsecured		
Considered good*	3,390	3,982
Considered doubtful	62	62
	3,452	4,044
Allowance for credit losses	(62)	(62)
	3,390	**3,982**

* Includes receivables from related parties [refer note 26]

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

11. Cash and bank balances

	31 March 2021	31 March 2020
(a) Cash and cash equivalents		
Cash on hand	- *	- *
Balances with banks (on current accounts)	3,185	1,912
Deposits with original maturity of less than 3 months	4	6
	3,189	**1,918**
(b) Bank balances other than above		
Deposits with maturity of less than 12 months	3,193	885
Total cash and bank balances	6,382	2,803

* Less than Rs 0.5 million.

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

(ii) Cash and cash equivalents includes restricted cash and bank balances of Rs 13 (31 March 2020: Rs 8). The restrictions are primarily on account of bank balances held under Employee Welfare Trust.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

12(a). Equity share capital

	31 March 2021	31 March 2020
Authorised		
500,000,000 (31 March 2020: 500,000,000) equity shares of Rs 10 each (31 March 2020: Rs 10 each)	5,000	5,000
Issued, subscribed and fully paid-up		
400,000,000 (31 March 2020: 400,000,000) equity shares of Rs 10 each (31 March 2020: Rs 10 each)	4,000	4,000
	4,000	**4,000**

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

Equity shares	31 March 2021		31 March 2020	
	No.	Rs	No.	Rs
At the beginning of the year	400,000,000	4,000	200,000,000	2,000
Issue of bonus shares during the year [refer note (vi) below]	-	-	200,000,000	2,000
At the end of the year	400,000,000	4,000	400,000,000	4,000

(ii) Terms / rights attached to equity shares

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

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

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

	31 March 2021		31 March 2020	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited (holding company) [refer note (vi) below]	280,974,772	70.24%	280,974,772	70.24%

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

	31 March 2021		31 March 2020	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited [refer note (vi) below]	280,974,772	70.24%	280,974,772	70.24%

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

(v) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	Year ended 31 March 2021	Year ended 31 March 2020
Equity shares allotted as fully paid bonus shares by capitalization of general reserve and surplus in statement of profit and loss [refer note (vi) below]	-	200,000,000

(vi) Issue of bonus shares

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

(vii) Shares reserved for issue under options

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

12(b). Other equity

Securities premium

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

General reserve

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

Retained earnings

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

Treasury shares

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

Special Economic Zone (SEZ) reinvestment reserve

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

Share based payment reserve

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

Cash flow hedging reserves

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

Other Items of other comprehensive income

Other Items of other comprehensive income represents re-measurements of the defined benefits plan.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

13. Borrowings

	31 March 2021	31 March 2020
(a) Non-current borrowings		
Term loans from banks		
External commercial borrowings (secured) [refer note (i) below]	3,660	3,767
Foreign currency term loan (secured) [refer note (ii) below]	1,464	-
	5,124	**3,767**
Less: Amount disclosed under "other current financial liabilities" [refer note 17 and note (iii) below]	-	(3,767)
	5,124	**-**
(b) Current borrowings		
Term loans from banks		
Pre shipment credit(unsecured) [refer note (iv) below]	2,599	3,089
	2,599	**3,089**
The above amount includes		
Secured borrowings	5,124	3,767
Unsecured borrowings	2,599	3,089
	7,723	**6,856**

Notes:

(i) (a) The Company has entered into external commercial borrowing agreement dated 21 September 2020 to borrow USD 50 million (Rs 3,660) term loan facility. The facility is borrowed to incur capital expenditure at Bengaluru, Hyderabad and Mangaluru premises of the Company.

(b) The facility carries an interest rate of Libor + 1.30% and are to be paid in three instalments of USD 7.5 million in September 2023, USD 12.5 million in September 2024 and USD 30 million in September 2025. The facility is secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company.

(ii) (a) The Company has entered into foreign currency term loan agreement dated 30 March 2021 to borrow USD 50 million (Rs 3,660) comprising (a) USD 20 million (Rs 1,464) term loan facility ('Facility A') drawn on 31 March 2021; and (b) USD 30 million (Rs 2,196) term loan facility ('Facility B') to be drawn by 30 June 2021. The facilities are borrowed to incur capital expenditure at Bengaluru, Hyderabad and Mangaluru premises of the Company.

(b) The facility carries an interest rate of Libor + 0.87% and are to be paid in three instalments of 15%, 25% and 60% from end of 3 years, 4 years and 5 years respectively from the date of origination. The facility is secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company.

(iii) (a) The Company had entered into external commercial borrowing agreement dated 30 March 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities were borrowed to incur capital expenditure at Bengaluru and Mangaluru premises of the Company.

(b) 'Facility A' of USD 50 million carried an interest rate of Libor + 1.04% and was repaid in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020 in line with the agreement ; and 'Facility B' of USD 50 million carried an interest rate of Libor + 1.30% and was repaid in March 2021 and the facilities provided were secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company.

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs 2,599 (USD 35.5 million) [31 March 2020 : Rs 3,089 (USD 41 million)] that carries interest rate of Libor + 0.20% to + 0.30% [31 March 2020 : Libor + 0.35% to + 0.60%]. The loans are repayable after the end of 6 months from the date of its origination.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

14. Provisions

	31 March 2021	31 March 2020
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	520	409
	520	**409**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	45	42
Compensated absences (refer note 27)	420	373
	465	**415**

15. Other liabilities

	31 March 2021	31 March 2020
(a) Non-current		
Deferred revenues	2,368	1,880
	2,368	**1,880**
(b) Current		
Advances from customers	3,810	3,095
Deferred revenues	367	306
Others		
- Statutory dues	132	124
- Other dues	298	471
	4,607	**3,996**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

16. Trade payables

	31 March 2021	31 March 2020
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	109	207
Total outstanding dues of creditors other than micro and small enterprises	2,282	2,021
	2,391	**2,228**
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act")		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	109	207
- Interest due on above	-*	1
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	182	629
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	4	6
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	10	17
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.		
* Less than Rs 0.5 million.		
(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.		

17. Other financial liabilities

	31 March 2021	31 March 2020
Current		
Current maturities of long term borrowings with Banks (refer note 13(a))	-	3,767
Payable for capital goods	892	1,155
Book overdraft	45	26
	937	4,948

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

18. Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020
Sale of services		
Contract research and manufacturing services income	20,842	18,797
Other operating revenues		
Scrap sales	37	27
Export incentives	41	654
Others [refer note (a) below]	874	641
	21,794	**20,119**

Note:

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

18.1 Disaggregated revenue information

Set out below is the disaggregation of revenue:

	Year ended 31 March 2021	Year ended 31 March 2020
Revenues from Contract research and manufacturing services income by geography		
India	1,149	714
United States of America	15,142	14,383
Rest of the world	4,551	3,700
	20,842	**18,797**
Revenue from other sources		
Other operating revenues	952	1,322
	952	1,322
Total revenue from operations	**21,794**	**20,119**

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

18.2 Contract balances

	Year ended 31 March 2021	Year ended 31 March 2020
Trade receivables [refer note (i) below]	3,390	3,982
Contract assets [refer note (i) below]	1,354	509
Contract liabilities [refer note (ii) below]	6,545	5,281

Notes:

(i) Trade receivables and Contract assets are non-interest bearing.

(ii) Contract liabilities include advances from customers and deferred revenues.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the year	5,281	4,639
Add: Increase due to invoicing during the year	6,062	4,247
Less: Revenue recognised from advances from customers at the beginning of the year	(2,965)	(2,613)
Less: Amounts recognised as revenue during the year	(1,833)	(992)
Balance at the end of the year	**6,545**	**5,281**
Expected revenue recognition from remaining performance obligations:		
- Within one year	4,177	3,401
- More than one year	2,368	1,880
	6,545	**5,281**

18.4 Performance obligation:

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

19. Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income on:		
Deposits with banks and financial institutions	616	782
Lease deposits	7	5
Net gain on sale of current investments	21	28
Other non-operating income	2	1
	646	**816**

20. Cost of chemicals, reagents and consumables consumed

	Year ended 31 March 2021	Year ended 31 March 2020
Inventory at the beginning of the year	202	376
Add : Purchases	5,609	5,012
Less: Inventory at the end of the year	(294)	(202)
	5,517	**5,186**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the beginning of the year		
Work-in-progress	33	51
Finished goods	17	7
	50	**58**
Inventories at the end of the year		
Work-in-progress	212	33
Finished goods	90	17
	302	**50**
	(252)	**8**

22. Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	5,327	4,980
Contribution to provident fund and other funds	241	218
Gratuity expenses (refer note 27)	103	91
Share based compensation expense (refer note 33)	492	181
Staff welfare expenses	252	252
	6,415	**5,722**

23. Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on:		
Borrowings [refer note (i) below]	174	280
Lease liabilities [refer note 34]	103	66
	277	**346**

Note:

(i) Interest expense includes exchange difference to the extent considered as an adjustment to borrowing cost of Rs Nil (31 March 2020 : Rs3).

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

24. Depreciation and amortisation expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment [refer note 3 (a)]	2,516	2,008
Depreciation of right-of-use assets [refer note 3 (b)]	114	81
Depreciation of investment property [refer note 3 (c)]	42	40
Amortisation of intangible assets [refer note 4]	73	64
	2,745	2,193

25. Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Rent	38	-
Communication expenses	25	15
Travelling and conveyance	268	339
Professional charges	565	535
Payments to auditors [refer note (a) below]	7	6
Directors' fees including commission	24	23
Power and fuel	574	458
Facility charges	106	111
Insurance	162	158
Rates and taxes	57	94
Repairs and maintenance		
Plant and machinery	824	619
Buildings	101	151
Others	375	267
Selling expenses		
Freight outwards and clearing charges	34	19
Sales promotion expenses	27	90
Commission	-	2
Provision for doubtful receivables	16	10
Bad debts written off	16	1
Less: Provision no longer required written back	(16)	(1)
Printing and stationery	24	47
Clinical trial expenses	85	78
Contributions towards CSR (refer note 37)	86	74
Loss on assets scrapped	59	-
Miscellaneous expenses	128	84
	3,585	**3,180**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

	Year ended 31 March 2021	Year ended 31 March 2020
(a) Payments to auditors:		
As an auditor:		
Statutory audit	3	3
Tax audit	1	1
Limited review	2	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	7	6

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

26. Related party transactions

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

List of Related parties

	Particulars	**Nature of relationship**
A.	**Key management personnel**	
	Kiran Mazumdar Shaw	Chairperson (w.e.f. 1 April 2020) Chairperson and Managing Director (till 31 March 2020)
	John Shaw	Non-executive director
	Jonathan Hunt	Managing Director and Chief Executive Officer (w.e.f. 1 April 2020) Director and Chief Executive Officer (till 31 March 2020)
	Catherine Rosenberg	Non-executive director
	Bala S. Manian	Independent director (till 15 July 2020)
	Carl Decicco	Independent director (w.e.f. 1 October 2019)
	Sharmila Abhay Karve	Independent director (w.e.f. 1 August 2019)
	Paul Blackburn	Independent director
	Russell Walls	Independent director (till 24 July 2019)
	Suresh Talwar	Independent director (till 24 July 2019)
	Vijay Kuchroo	Independent director
	Vinita Bali	Independent director
	Sibaji Biswas	Chief Financial officer (w.e.f. 18 December 2019)
	M. B. Chinappa	Chief Financial officer (till 17 December 2019)
	Priyadarshini Mahapatra	Company Secretary (w.e.f. 24 July 2019)
	Mayank Verma	Company Secretary (till 24 May 2019)
B.	**Holding company**	
	Biocon Limited	Holding Company
C.	**Subsidiary**	
	Syngene USA Inc.,	Wholly-owned subsidiary
D.	**Fellow subsidiaries**	
	Biocon Biologics Limited (formerly known as Biocon Biologics India Limited)	Fellow subsidiary

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

Biocon SDN. BHD	Fellow subsidiary
Biocon Biologics UK Limited (formerly known as Biocon Biologics Limited)	Fellow subsidiary
Biocon Biologics Inc.	Fellow subsidiary
Biocon Biologics Do Brasil Ltda	Fellow subsidiary
Biocon Biologics FZ-LLC	Fellow subsidiary
Biocon Biologics Healthcare SDN. BHD (formerly known as Biocon Healthcare SDN. BHD)	Fellow subsidiary
Bicara Therapeutics Inc.	Fellow subsidiary (upto 9 January 2021)
Biofusion Therapeutics Limited	Fellow subsidiary
Biocon Biosphere Limited	Fellow subsidiary
Biocon Pharma Limited	Fellow subsidiary
Biocon Pharma Inc.	Fellow subsidiary
Biocon Pharma Ireland Limited	Fellow subsidiary
Biocon Pharma Malta Limited	Fellow subsidiary
Biocon Pharma Malta I Limited	Fellow subsidiary
Biocon Pharma UK Limited	Fellow subsidiary
Biocon SA	Fellow subsidiary
Biocon FZ LLC	Fellow subsidiary
Biocon Academy	Fellow subsidiary

E. Other related parties

Bicara Therapeutics Inc.	Associate of Holding Company (w.e.f. 10 January 2021)
Biocon Foundation	Trust in which a director is a trustee
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
Jeeves	Enterprise in which relative to a director of the Company is proprietor
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

The Company has the following related parties transactions

Particulars	Transactions / Balances	31 March 2021	31 March 2020
Key management personnel	Salary and perquisites [refer note (i) & (ii) below]	91	115
	Sitting fees and commission	23	23
	Outstanding as at the year end		
	- Trade and other payables	5	5
Holding company	Rent	60	63
	Power and facility charges [refer note (iii) below]	138	360
	Purchase of goods	2	2
	Other expenses reimbursed	88	79
	Purchase of assets	-	31
	Sale of services	65	80
	Rent and facility services	11	-
	Other expenses incurred on behalf	12	-
	Final dividend paid	-	140
	Outstanding as at the year end		
	- Trade and other payables	65	217
	- Rent deposits	23	23
	- Trade and other receivables	31	34
	Guarantee given to Central Excise Department	148	148
Wholly-owned subsidiary	Business support services received	174	104
	Other expenses reimbursed	10	-
	Outstanding as at the year end		
	- Trade payables	30	33
	- Trade and other receivables	10	-
Fellow subsidiaries	Sale of services	404	392
	Rent and facility services	329	233
	Purchase of assets	-	56
	Other expenses incurred on behalf	8	-
	Other expenses reimbursed	8	-
	Purchase of goods	-	-*
	Outstanding as at the year end		
	- Trade and other payables	1	51
	- Trade and other receivables	362	328
Other related parties	Sale of services	283	1
	Health services availed	4	4
	Contribution towards CSR	10	74
	Staff welfare expenses	3	4
	Investment in compulsorily convertible debentures	-	100
	Allotment of equity shares	100	-
	Outstanding as at the year end		
	- Trade and other payables	-*	-
	- Trade and other receivables	280	-

* Less than Rs 0.5 million.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

(ii) Share based compensation expense allocable to key management personnel is Rs. 133 (31 March 2020 : Rs. 80), which is not included in the remuneration disclosed above.

(iii) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs. 129 (Year ended 31 March 2020 : Rs. 115) and power charges (including other charges) of Rs. 9 (Year ended 31 March 2020 : Rs. 245) have been charged by Biocon Limited for the year ended 31 March 2021.

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

- Biocon Biologics Inc.
- Biocon Biologics Do Brasil Ltda
- Biocon Biologics FZ-LLC
- Biocon Biologics Healthcare SDN. BHD
- Biofusion Therapeutics Limited
- Biocon Pharma Inc.
- Biocon Academy
- Biocon Pharma Ireland Limited
- Biocon Pharma Malta Limited
- Biocon Pharma Malta I Limited
- Biocon Pharma UK Limited
- Biocon SA
- Biocon FZ LLC

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

27. Employee benefit plans

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

The plan assets are maintained with HDFC Life Insurance Company Limited (HDFC Life) in respect of gratuity scheme for employees of the Company. The details of investments maintained by the HDFC Life are not available with the Company and not disclosed. The expected rate of return on plan assets is 6.3% p.a. (31 March 2020: 6.4% p.a.). The Company actively monitors how the duration and expected yeild of the investments are matching the expected outflows arising from the employee benefit obligations.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as on 1 April 2020	454	(3)	451
Current service cost	71	-	71
Interest cost	32	-	32
Amount recognised in Statement of profit and loss	**103**	**-**	**103**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-*	-*
Actuarial (gain) / loss arising from:			
Demographic assumptions	8	-	8
Financial assumptions	48	-	48
Experience adjustment	(26)	-	(26)
Amount recognised in other comprehensive income	**30**	**-**	**30**
Benefits paid	(19)	-	(19)
Balance as at 31 March 2021	**568**	**(3)**	**565**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

* Less than Rs 0.5 million.

	31 March 2021	31 March 2020
Non current	520	409
Current	45	42
	565	**451**

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

	31 March 2021	31 March 2020
Interest rate	6.3%	6.4%
Discount rate	6.3%	6.4%
Expected return on plan assets	6.3%	6.4%
Salary increase	10.0%	9.0%
Attrition rate (based on Age of the Employee)	5% - 15%	6% - 16%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 9 years (31 March 2020 - 9 years).

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

(iii) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis does not recognise the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	31 March 2021		31 March 2020	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(42)	48	(30)	34
Salary increase	46	(41)	33	(29)
Attrition rate	(12)	13	(7)	8

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

As of 31 March 2021 and 31 March 2020, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending 31 March 2021, is approximately Rs 45 (31 March 2020 - Rs 42).

Maturity profile of defined benefit obligation

Particulars	31 March 2021	31 March 2020
1st Following year	45	42
2nd Following year	41	40
3rd Following year	44	40
4th Following year	48	42
5th Following year	43	43
Years 6 to 10	228	182
Years 11 and above	571	400

(iv) Risk Exposure

These defined benefit plans typically expose the Company to actuarial risks as under :

a) Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

b) Interest rate risk: A decrease in bond interest rate will increase the plan liability.

c) Longevity risk: The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability.

d) Salary risk: Higher than expected increase in salary will increase the defined benefit obligation.

(v) Other Long term benefits

Present value of other long term benefits (i.e. compensated absences) obligations at the end of the year :

	31 March 2021	31 March 2020
Compensated absences	420	373

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

28. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

31 March 2021	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	37	100	2,653	2,790	-	-	100	100
Derivative assets (non-current)	-	623	-	623	-	623	-	623
Other financial assets (non-current)	-	-	1,038	1,038	-	-	-	-
Investments (current)	1,484	-	2,749	4,233	1,484	-	-	1,484
Trade receivables	-	-	3,390	3,390	-	-	-	-
Cash and cash equivalents	-	-	3,189	3,189	-	-	-	-
Bank balances other than above	-	-	3,193	3,193	-	-	-	-
Derivative assets (current)	-	713	-	713	-	713	-	713
Other financial assets (current)	-	-	1,693	1,693	-	-	-	-
	1,521	**1,436**	**17,905**	**20,862**	**1,484**	**1,336**	**100**	**2,920**
Financial liabilities								
Lease liabilities (non-current)	-	-	1,052	1,052	-	-	-	-
Derivative liabilities (non-current)	-	224	-	224	-	224	-	224
Borrowings (non-current)	-	-	5,124	5,124	-	-	-	-
Borrowings (current)	-	-	2,599	2,599	-	-	-	-
Lease liabilities (current)	-	-	154	154	-	-	-	-
Trade payables	-	-	2,391	2,391	-	-	-	-
Derivative liabilities (current)	-	18	-	18	-	18	-	18
Other financial liabilities (current)	-	-	937	937	-	-	-	-
	-	242	12,257	12,499	-	242	-	242

31 March 2020	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	100	-	283	383	-	-	100	100
Derivative assets (non-current)	-	257	-	257	-	257	-	257
Other financial assets (non-current)	-	-	146	146	-	-	-	-
Investments (current)	171	-	7,213	7,384	171	-	-	171
Trade receivables	-	-	3,982	3,982	-	-	-	-
Cash and cash equivalents	-	-	1,918	1,918	-	-	-	-
Bank balances other than above	-	-	885	885	-	-	-	-
Derivative assets (current)	-	191	-	191	-	191	-	191
Other financial assets (current)	-	-	686	686	-	-	-	-
	271	**448**	**15,113**	**15,832**	**171**	**448**	**100**	**719**
Financial liabilities								
Lease liabilities (non-current)	-	-	812	812	-	-	-	-
Derivative liabilities (non-current)	-	1,378	-	1,378	-	1,378	-	1,378
Borrowings (current)	-	-	3,089	3,089	-	-	-	-
Lease liabilities (current)	-	-	61	61	-	-	-	-
Trade payables	-	-	2,228	2,228	-	-	-	-
Derivative liabilities (current)	-	546	-	546	-	546	-	546
Other financial liabilities (current)	-	-	4,948	4,948	-	-	-	-
	-	**1,924**	**11,138**	**13,062**	**-**	**1,924**	**-**	**1,924**

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

(a) The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short term nature.

(b) There have been no transfers between level 1, 2 and 3 needs to be made.

(c) The Company enters into derivative financial instruments with various counterparties. Derivatives are valued using valuation techniques in consultation with market expert. The most frequently applied valuation technique include forward pricing, swap models and Black Scholes Merton Model (for options valuation), using present value calculations. The models incorporate various inputs including foreign exchange forward rates, interest rate curve and forward rates curve.

Measurement of fair values

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

Sensitivity analysis

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

Significant observable inputs	Impact on profit or loss		Impact on other equity	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Movement in spot rate of the foreign currency				
INR/USD - Increase by 1%	-	-	(426)	(350)
INR/USD - Decrease by 1%	-	-	430	350
Movement in Interest rates				
LIBOR - Increase by 100 bps	-	-	(102)	(34)
LIBOR - Decrease by 100 bps	-	-	102	34

B. Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs 4,744 (31 March 2020: Rs 4,491). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2021	31 March 2020
Opening balance	62	53
Impairment loss recognised	16	9
Impairment loss reversed	(16)	-
Closing balance	**62**	**62**

Note: During the year ended 31 March 2021, impairment loss reversed includes Rs 16 pertaining to customer balances written off.

Details of trade receivables that are not due, past due and impaired is given below:

Particulars	31 March 2021	31 March 2020
Neither past due nor impaired	2,457	3,023
Past due but not impaired		
Less than 365 days	967	992
More than 365 days	28	29
Less: Allowance for credit losses	(62)	(62)
Total	**3,390**	**3,982**

Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

There are no receivable from customer (31 March 2020 : Nil) of the Company's receivables (31 March 2020 : Nil) which is more than 10 percent of the Company's total receivables.

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

(iii) Liquidity risk

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2021:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Lease liabilities (non-current)	-	304	288	1,541	2,133
Lease liabilities (current)	163	-	-	-	163
Borrowings (non-current)	-	-	5,124	-	5,124
Borrowings (current)	2,599	-	-	-	2,599
Trade payables	2,391	-	-	-	2,391
Derivative liabilities (non-current)	-	72	152	-	224
Derivative liabilities (current)	18	-	-	-	18
Other financial liabilities	937	-	-	-	937
Total	**6,108**	**376**	**5,564**	**1,541**	**13,589**

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

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

(iv) Market risk

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

Foreign currency risk

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

31 March 2021	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,430	255	-	2,685
Cash and cash equivalents	2,762	72	-	2,834
Other financial assets (current)	1,271	43	-	1,314
Financial liabilities				
Borrowings (non-current)	(5,124)	-	-	(5,124)
Borrowings (current)	(2,599)	-	-	(2,599)
Trade payables	(258)	(28)	(11)	(297)
Other financial liabilities (current)	(200)	(30)	(21)	(251)
Net assets / (liabilities)	**(1,718)**	**312**	**(32)**	**(1,438)**

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

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
USD Sensitivity				
INR/USD - Increase by 1%	(17)	(17)	(443)	(367)
INR/USD - Decrease by 1%	17	15	447	365
EUR Sensitivity				
INR/EUR - Increase by 1%	2	1	1	1
INR/EUR - Decrease by 1%	(2)	(1)	(1)	(1)

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

Derivative financial instruments

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Treasury team manages its foreign currency risk by hedging forcasted transactions like sales, purchases and capital expenditures. When a derivative is entered for hedging, the Company matches the terms of those derivatives to the underlying exposure. All identified exposures are managed as per the policy duly approved by the Board of Directors.

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

Particulars	31 March 2021	31 March 2020
Foreign exchange forward contracts to sell USD with maturity between 0-5 years	USD 419 (Rs 30,671)	USD 402 (Rs 30,298)
European style option contracts with periodical maturity between 0-5 years	USD 174 (Rs 12,737)	USD 155 (Rs 11,654)
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings with maturity between 0-3 years	USD 50 (Rs 3,660)	USD 50 (Rs 3,767)

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended 31 March 2021 and 31 March 2020 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	31 March 2021	31 March 2020
Variable rate borrowings	1,464	1,092
Fixed rate borrowings	6,259	5,764
Total borrowings	**7,723**	**6,856**

(b) Sensitivity

Fixed rate borrowings:

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

Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs 15 (31 March 2020 : Rs 11).

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

29. Capital management

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

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

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

The capital structure as of 31 March 2021 and 31 March 2020 was as follows:

Particulars	31 March 2021	31 March 2020
Total equity attributable to the equity shareholders of the Company	28,183	21,741
As a percentage of total capital	78%	76%
Long-term borrowings (including current maturities)	5,124	3,767
Short-term borrowings	2,599	3,089
Total borrowings	**7,723**	**6,856**
As a percentage of total capital	22%	24%
Total capital (Equity and Borrowings)	35,906	28,597

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

30. Tax expense

(a) Amount recognised in Statement of profit and loss

	31 March 2021	31 March 2020
Current tax	736	893
Deferred tax:		
MAT credit entitlement	(268)	(381)
Others related to:		
Origination and reversal of other temporary differences	169	530
Tax expense for the year	**637**	**1,042**
Reconciliation of effective tax rate		
Profit before tax and exceptional item	4,324	4,444
Add: Exceptional item	350	713
Profit before tax	4,674	5,157
Tax at statutory income tax rate 34.94% (31 March 2020 - 34.94%)	1,633	1,802
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Tax incentive and other deductions	(953)	(921)
Non-deductible expense	41	89
Basis difference that will reverse during the tax holiday period	(148)	(123)
Others	64	195
Income tax expense	**637**	**1,042**

(b) Recognised deferred tax assets and liabilities

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

For the year ended 31 March 2021	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
MAT credit entitlement	1,506	268	-	-	1,774
Defined benefit obligations	130	(31)	5	-	104
Derivatives, net	420	-	(420)	-	-
Others	27	(20)	-		7
Gross deferred tax assets	**2,083**	**217**	**(415)**	**-**	**1,885**
Deferred tax liability					
Derivatives, net	-	-	24	-	24
Property, plant and equipment, investment property and intangible assets, net	856	118	-	-	974
Gross deferred tax liability	**856**	**118**	**24**	**-**	**998**
Deferred tax assets / (liabilities), net	**1,227**	**99**	**(439)**	**-**	**887**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

31. Contingent liabilities and commitments

(to the extent not provided for)

(i) Contingent liabilities

		31 March 2021	31 March 2020
(a)	**Claims against the Company not acknowledged as debt**	**4,297**	**4,245**
	The above includes:		
	(I) Income tax matters relating to financial year 2002 - 03 to 2018 - 19 # (31 March 2020 : financial year 2002 -03 to 2016 - 17)	4,273	4,221
	(II) Indirect tax matters	24	24

(III) In light of judgment of Honourable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence it is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

Including the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters. Management is of the view that above matters will not have any material adverse effect on the Company's financial position and results of operations.

includes Rs 660 for the favourable order received by the Company during the year from the Honourable High Court of Karnataka against the matters appealed by the tax authorities with respect to financial year 2002-03 to 2008-09.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

(b) Guarantees

	31 March 2021	31 March 2020
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2

The necessary terms and conditions have been complied with and no liabilities have arisen.

(ii) Commitments

	31 March 2021	31 March 2020
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	1,656	2,213

32. Segmental Information

Operating segments

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

Geographical information

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

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations:		
India	1,579	1,643
United States of America	15,664	14,776
Rest of the World	4,551	3,700
Total	**21,794**	**20,119**

The following is the carrying amount of non current assets by geographical area in which the assets are located:

	31 March 2021	31 March 2020
Carrying amount of non-current assets		
India	25,427	23,492
Outside India	-	-
Total	**25,427**	**23,492**

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

Major customer

Revenue from one customer (31 March 2020 - two customer) of the Company's Revenue from operations aggregates to Rs 4,730 (31 March 2020 - Rs6,482) which is more than 10 percent of the Company's total revenue.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

33. Share based compensation

Syngene ESOP Plan 2011

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company and administrated by the Nomination and Remuneration Committee. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed into the equity shares of the Company using the proceeds from interest free loan of Rs 150 million obtained from the Company. The cost for the year has been accounted in the statement of profit and loss is Rs 124 million [31 March 2020 : Rs 181 million].

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs 11.25 [31 March 2020 : Rs 11.25] per share (Face Value of Rs 10 per share).

Details of Grant

Particulars	31 March 2021 No. of options	31 March 2020 No. of options
Outstanding at the beginning of the year	2,689,574	2,693,576
Granted during the year	-	711,613
Forfeited / lapsed during the year	(111,265)	(103,038)
Exercised during the year	(620,225)	(612,577)
Outstanding at the end of the year	1,958,084	2,689,574
Exercisable at the end of the year	547,787	695,090
Weighted average exercise price	11.25	11.25
Weighted average value of shares granted during the year under Black Scholes Model (In Rs)	-	312.6
Weighted average share price at the date of exercise during the year (In Rs)	503.6	295.8

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2021 is 1.40 years [31 March 2020 : 1.63 years].

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

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

Particulars	31 March 2021	31 March 2020
Dividend yield (%)	-	0.2%
Exercise Price (In Rs)	-	11.25
Volatility	-	27.3%
Life of the options granted (vesting and exercise period) [in years]	-	6.15
Average risk-free interest rate	-	7.0%

Syngene Restricted Stock Unit Long Term Incentive Plan 2020

The Board of Directors of the Company on 24 April 2019 and the Shareholders of the Company in the Annual General Meeting held on 24 July 2019 approved the Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 25%, 25% and 25% 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 5 years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs 10 per share (Face Value of Rs 10 per share).

Details of Grant

Particulars	31 March 2021 No. of options
Outstanding at the beginning of the year	-
Granted during the year	3,184,649
Forfeited during the year	(80,824)
Exercised during the year	-
Outstanding at the end of the year	3,103,825
Exercisable at the end of the year	-
Weighted average exercise price	-
Weighted average value of shares granted during the year under Black Scholes Model (In Rs)	326.3
Weighted average share price at the date of exercise during the year (In Rs)	-

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2021 is 3.5 years.

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

Particulars	31 March 2021
Dividend yield (%)	0.2%
Exercise Price (In Rs)	10
Volatility	26.9%
Life of the options granted (vesting and exercise period) [in years]	7.5
Average risk-free interest rate	7.0%

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

34. Leases

The Company has entered into lease agreements for use of land, buildings, plant and equipment and vehicles which expires over a period ranging upto the year of 2039. Gross payments for the year aggregate to Rs 140 (31 March 2020 - Rs 109).

The weighted average borrowing rate of 9% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The following is the movement in lease liabilities during the year ended 31 March 2021:

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	90	749	34	873
Additions during the year	-	361	17	378
Finance cost accrued during the period	7	93	3	103
Deletions	-	(8)	- *	(8)
Payment of lease liabilities	(41)	(79)	(20)	(140)
Balance at the end	**56**	**1,116**	**34**	**1,206**

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

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

* Less than Rs 0.5 million.

The following is the break-up of current and non-current lease liabilities:

	31 March 2021	31 March 2020
Current	154	61
Non-current	1,052	812
Total	**1,206**	**873**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	31 March 2021	31 March 2020
Less than one year	163	138
One to five years	592	488
More than five years	1,541	968
Total	**2,296**	**1,594**

The following are the amounts recognised in the statement of profit or loss:

	31 March 2021	31 March 2020
Depreciation expenses on right of use-assets	114	81
Interest expenses on lease liabilities	103	66
Total	**217**	**147**

35. Exceptional item

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company has recorded a loss of Rs 1,057 million arising from such incident and also recognised a minimum insurance claim receivable for equivalent amounts in the respective periods till 31 March 2021. The Company has received disbursement approval of Rs 2,120 million from the insurance company against the loss till 31 March 2021. The aforementioned receivable and the disbursement approval from the insurance claim has been presented on a net basis as Rs 350 million and Rs 713 million under Exceptional items in these standalone financial statement for the year ended 31 March 2021 and 31 March 2020 respectively. Consequential tax of Rs 122 milllion and Rs 254 million is included within tax expense in standalone financial statement for the year ended 31 March 2021 and 31 March 2020 respectively.

As at 31 March 2021, the Company has receivable of Rs 105 million (31 March 2020: Rs Nil) from the insurance company against the approved disbursements and the same has been recorded as amount recoverable from the insurance company.

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

36. Impact of COVID-19

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

37. Corporate social responsibility

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

	31 March 2021	31 March 2020
(a) Amount required to be spent by the Company during the year	86	74
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	65	74
(c) Amount unspent and carried forward to next year	21	-

Note: On 27 April 2021, the Board of Directors of the Company have approved the transfer of unspent money into specified bank account for further utilisation in the financial year ending 31 March 2022.

38. Earnings per equity share (EPS)

	31 March 2021	31 March 2020
Earnings		
Profit for the year	4,037	4,115
Shares		
Basic outstanding shares	400,000,000	400,000,000
Less: Weighted average shares held with the ESOP Trust	(2,274,925)	(2,888,961)
Weighted average shares used for computing basic EPS	**397,725,075**	**397,111,039**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	2,943,430	1,041,836
Weighted average shares used for computing diluted EPS	**400,668,505**	**398,152,875**
Earnings per equity share		
Basic (in Rs)	10.15	10.36
Diluted (in Rs)	10.08	10.33

39. Events after reporting period

On 27 April 2021, the Board of Directors of the Company have approved an allotment of 796,500 equity shares of Rs 10/- (Rs Ten each) of the Company to Syngene Employee Welfare Trust at face value pursuant to the shareholders' approval at the Annual General Meeting on 24 July 2019 to allot fresh equity shares upto 1.67% of the paid-up equity capital of the Company in tranches for the purpose of implementation of the Syngene International Limited - Restricted Stock Unit Long Term Incentive Plan FY 2020.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

40. Disclosure on Specified Bank Notes (SBNs)

The disclosures regarding details of SBNs held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2021 and 31 March 2020.

41. Prior year's comparatives

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

S Sethuraman
Partner
Membership number: 203491

Chennai
27 April 2021

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

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Chief Financial Officer

Priyadarshini Mahapatra
Company Secretary
ACS Number: F8786

Bengaluru
27 April 2021