Independent Auditor's Report

To the Members of Biocon Research Limited

Report on the Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Ind AS financial statements of Biocon Research Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 25 April 2016 and 28 April 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

(c) the balance sheet, the statement of profit and loss, the statement of cash flows and statement of changes in equity dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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

   i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 30 to the Ind AS financial statements;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

   iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note 33 to the Ind AS financial statements.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Annexure - A to the Independent Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements of Biocon Research Limited for the year ended 31 March 2017. We report that:

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

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

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

(ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not hold any inventory during the year. Accordingly, the requirements under the paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act').

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services provided by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. The Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute other than following dues:

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	496	83	2011-12, 2010-11 & 2009-10	Commissioner of Income tax (Appeals)

(viii) According to the information and explanations given to us, the Company did not have any borrowings during the year from banks, financial institutions and government and by way of debentures.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of term loans, public issue or further public offer (including debt instruments) during the year.

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

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or is payable by the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(iv) of the Order is not applicable.

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

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

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Biocon Research Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Biocon Research Limited ('the Company'), as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Balance Sheet as at March 31, 2017

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

	Note	March 31, 2017	March 31, 2016	April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	467	481	520
Capital work-in-progress	3	-	10	8
Intangible assets	4	7	7	14
Intangible assets under development	4	-	-	670
Financial assets				
(i) Investments	5	972	717	355
Deferred tax assets, (net)	6	293	2	-
Income tax assets, (net)		36	88	77
Other non-current assets	7(a)	14	27	29
Total non-current assets		**1,789**	**1,332**	**1,673**
Current assets				
Inventories	8	-	-	9
Financial assets				
(i) Trade receivables	9	942	546	214
(ii) Cash and cash equivalents	10	30	67	10
(iii) Other financial assets	11	-	55	141
Other current assets	7(b)	12	22	72
Total current assets		**984**	**690**	**446**
TOTAL		2,773	2,022	2,119
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12(a)	1	1	1
Other equity		403	(512)	(1,704)
Total equity		**404**	**(511)**	**(1,703)**
Non-current liabilities				
Financial liabilities				
(i) Borrowings	13	1,923	1,455	2,447
Provisions	14(a)	27	23	17
Other non-current liabilities	15(a)	16	19	113
Total non-current liabilities		**1,966**	**1,497**	**2,577**
Current liabilities				
Financial liabilities				
(i) Borrowings	16	-	-	685
(ii) Trade payables	17	299	910	507
(iii) Other financial liabilities	18	56	92	21
Provisions	14(b)	14	13	10
Other current liabilities	15(b)	34	21	22
Total current liabilities		**403**	**1,036**	**1,245**
TOTAL		2,773	2,022	2,119

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

for and on behalf of the Board of Directors of Biocon Research Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229

John Shaw
Director
DIN: 00347250

Siddharth Mittal
Authorised Signatory

Bengaluru
April 27, 2017

Statement of Profit and Loss for the year ended March 31, 2017

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

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	19	1,647	4,053
Other income	20	10	47
Total income		**1,657**	**4,100**
Expenses			
Employee benefits expense	21	386	337
Finance costs	22	123	316
Depreciation and amortisation expense	23	98	100
Other expenses	24	659	1,226
Product development cost charged off	4(a)	-	1,289
Total expenses		**1,266**	**3,268**
Profit before tax		391	832
Tax expenses			
Current tax		20	-
Less: MAT credit entitlement		(20)	-
Deferred tax		(270)	-
Total tax expense		**(270)**	**-**
Profit for the year		661	832
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(2)	(4)
Income tax effect		1	2
Equity investments through other comprehensive income - net change in fair value		255	362
		254	**360**
Other comprehensive income for the year, net of taxes		**254**	**360**
Total comprehensive income for the year, net of taxes		**915**	**1,192**
Earnings per equity share			
Basic and diluted (in ₹)		1,322	1,664
Weighted average number of equity shares used in computing earnings per share			
Basic and diluted		500,000	500,000

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

for and on behalf of the Board of Directors of Biocon Research Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229

John Shaw
Director
DIN: 00347250

Siddharth Mittal
Authorised Signatory

Bengaluru
April 27, 2017

Statement of Changes in Equity for the year ended March 31, 2017

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

A. Equity share capital	March 31, 2017	March 31, 2016
Opening balance	1	1
Changes in equity share capital during the year	-	-
Closing balance	1	1

B. Other equity

Particulars	Retained earnings	Other items of the comprehensive income	Total other equity
Balance as at April 01, 2015	**(1,704)**	**-**	**(1,704)**
Profit for the year	832	-	832
Other comprehensive income	-	360	360
Total comprehensive income for the year	**832**	**360**	**1,192**
Balance as at March 31, 2016	**(872)**	**360**	**(512)**
Profit for the year	661	-	661
Other comprehensive income	-	254	254
Total comprehensive income for the year	**661**	**254**	**915**
Balance as at March 31, 2017	**(211)**	**614**	**403**

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

for and on behalf of the Board of Directors of Biocon Pharma Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Arun Chandavarkar
Director
DIN: 01596180

Siddharth Mittal
Chief Financial Officer

Saravanan M
Company Secretary
Membership No.: A-31652

Bengaluru
April 27, 2017

Statement of Cash Flows for the year ended March 31, 2017

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

		March 31, 2017	March 31, 2016
I	Cash flows from operating activities		
	Profit for the year	661	832
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation (net)	98	100
	Unrealised foreign exchange (gain)/loss	11	10
	Product development cost charged off	-	1,289
	Interest expense	123	316
	Interest income	(7)	-
	Tax expense	(270)	-
	Dividend income	-	(2)
	Operating profit before working capital changes	616	2,545
	Movements in working capital		
	Decrease in inventories	-	9
	Increase in trade receivables	(419)	(329)
	Decrease in loans and advances and other assets	78	138
	Increase/(decrease) in trade payable, other liabilities and provisions	(225)	1,004
	Cash generated from operations	50	3,367
	Direct taxes paid/ (refund received)	32	(11)
	Net cash flow from operating activities	82	3,356
II	Cash flows from investing activities		
	Purchase of tangible assets	(49)	(57)
	Purchase of intangible assets / product development cost capitalised	(5)	(701)
	Proceeds from sale of current investments	-	5
	Purchase of current investments	-	(5)
	Interest received	7	-
	Dividend received	-	2
	Net cash flow used in investing activities	(47)	(756)
III	Cash flows from financing activities		
	Proceeds from long-term borrowings	794	1,800
	Repayment of long-term borrowings	(869)	(3,657)
	Repayment of short-term borrowings (net)	-	(685)
	Interest paid	(2)	-
	Net cash flow used in financing activities	(77)	(2,542)
IV	Net (decrease)/increase in cash and cash equivalents (I + II + III)	(42)	58
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	5	(1)
VI	Cash and cash equivalents at the beginning of the year	67	10
VIII	Cash and cash equivalents at the end of the year (IV + V + VI)	30	67
	Reconciliation of cash and cash equivalents as per statement of cash flow		
	Cash and cash equivalents (Note 10)		
	Balances with banks - on current accounts	30	67
	Cash on hand	-	-
	Total cash and cash equivalents [refer note 10]	30	67

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

for and on behalf of the Board of Directors of Biocon Pharma Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229

Arun Chandavarkar
Director
DIN: 01596180

Siddharth Mittal
Chief Financial Officer

Saravanan M
Company Secretary
Membership No.: A-31652

Bengaluru
April 27, 2017

Notes to the financial statements for the year ended March 31, 2017

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

1. Company Overview

1.1 Reporting entity

Biocon Research Limited ("the Company") was incorporated in India on May 28, 2008, as a wholly owned subsidiary of Biocon Limited. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka. The Company is engaged in providing research and development services to other companies of the Biocon Group.

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

The Company's financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP").

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 31.

These financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2017. These financial statements were authorised for issuance by the Company's Board of Directors on April 27, 2017.

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

b) Functional and presentation currency

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

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

Use of estimates and judgements

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

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 27 — Financial instruments;
- Note 2(b) and 2(c) — Useful lives of property, plant and equipment and intangible assets;
- Note 26 — Obligations relating to employee benefits;
- Note 2(i) and 29 — Provision for income taxes and related tax contingencies and Evaluation of recoverability of deferred tax assets.

1.3 **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

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

— Note 27 – impairment of financial assets; and

— Note 14 and 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 **Measurement of fair values**

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 2(a) and 27 – financial instruments.

2 Significant accounting policies

a. **Financial instruments**

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

— Amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss. However, see Note 27 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.

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

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

iv. Offsetting

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

v. Cash and cash equivalents

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

b. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

ii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Plant and equipment (including Electrical installation and Lab equipment)	9-11 years	8-20 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years

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).

c. Intangible assets

Internally generated: Research and development

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

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

Others

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

i. Subsequent expenditure

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

ii. Amortisation

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

— Computer software 3-5 years

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

d. 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

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

e. **Impairment**

i. Impairment of financial assets

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

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

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

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to statement of profit and loss and is recognised in OCI.

ii. Impairment of non-financial assets

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

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.

f. **Employee benefits**

i. Gratuity

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

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The 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 yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident Fund

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

iii. Compensated absences

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

g. **Provisions (other than for employee benefits)**

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

Onerous contracts

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

h. Revenue

i. Milestone payments and out licensing arrangements

The Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, we recognise or defer the upfront payments received under these arrangements. The deferred revenue is recognised in the Standalone statement of operations in the period in which we complete our remaining performance obligations.

These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

ii. Research services

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

iii. Dividends

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

i. Income taxes

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

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

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

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

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

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

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

j. 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.

k. 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.

3. Property, plant and equipment

	Plant and equipment	Research & development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
Gross carrying amount						
At April 01, 2015	253	541	3	-	797	8
Additions	9	45	-	-	54	2
At March 31, 2016	**262**	**586**	**3**	**-**	**851**	**10**
Additions	22	47	7	3	79	-
At March 31, 2017	**284**	**633**	**10**	**3**	**930**	**-**
Accumulated depreciation						
At April 01, 2015	72	204	1	-	277	-
Depreciation for the year	24	69	-	-	93	-
At March 31, 2016	**96**	**273**	**1**	**-**	**370**	**-**
Depreciation for the year	28	64	1	-	93	-
At March 31, 2017	**124**	**337**	**2**	**-**	**463**	**-**
Net carrying amount						
At April 01, 2015	**181**	**337**	**2**	**-**	**520**	**8**
At March 31, 2016	**166**	**313**	**2**	**-**	**481**	**10**
At March 31, 2017	**160**	**296**	**8**	**3**	**467**	**-**

4. Intangible assets and intangible assets under development

	Intangible assets		Intangibles under development		
	Computer software	Total	Intellectual properties under development	Product development cost [refer note (a)]	Total
Gross carrying amount					
At April 01, 2015	31	31	-	670	670
Additions	-	-	-	701	701
Deletions / Adjustments	-	-	-	(1,371)	(1,371)
At March 31, 2016	**31**	**31**	**-**	**-**	**-**
Additions	5	5	-	-	-
At March 31, 2017	**36**	**36**	**-**	**-**	**-**
Accumulated amortisation					
At April 01, 2015	17	17	-	-	-
Amortisation for the year	7	7	-	-	-
At March 31, 2016	**24**	**24**	**-**	**-**	**-**
Amortisation for the year	5	5	-	-	-
At March 31, 2017	**29**	**29**	**-**	**-**	**-**
Net carrying amount					
At April 01, 2015	**14**	**14**	**-**	**670**	**670**
At March 31, 2016	**7**	**7**	**-**	**-**	**-**
At March 31, 2017	**7**	**7**	**-**	**-**	**-**

(a) Product development cost relates to the cost of development of a product in the global market. Refer note 24(d). During the year ended March 31, 2016, the Company licenced its global commercial rights (excluding India) pertaining to Biosimilar Monoclonal Antibodies ("Mabs") and certain proteins to Biocon Biologics Limited, UK a fellow subsidiary for ₹ 2,820. Accordingly, the product development costs amounting to ₹ 1,371 has been charged off to statement of profit and loss. The amount of product development cost charged off disclosed is ₹ 1,289 in the statement of profit and loss which is net off deferred revenue amounting to ₹ 82.

	March 31, 2017	March 31, 2016	April 01, 2015
5. Non-current investments			
I. Quoted equity instruments			
Syngene International Limited - 1,866,673 (March 31, 2016 - 1,866,673; April 01, 2015 - Nil) equity shares of ₹ 10 each [refer note (a) below]	972	717	-
Total quoted non-current investments	972	717	-
II. Unquoted equity instruments			
Syngene International Limited - Nil (March 31, 2016 - Nil; April 01, 2015 - 1,866,673) equity shares of ₹ 10 each [refer note (a) below]	-	-	355
Total unquoted investments in equity instruments	-	-	355
Total non-current investments	972	717	355
Aggregate book value of quoted investments	972	717	-
Aggregate value of quoted investments (market value)	972	717	-
Aggregate book value of unquoted investments	-	-	355
Aggregate provision for diminution in value of investments	-	-	-

(a) During the year ended March 31, 2016, Syngene International Limited completed its initial public offer, through an offer for sale by Biocon Limited.

	March 31, 2017	March 31, 2016	April 01, 2015
6. Deferred tax assets, (net)			
Deferred tax asset			
Tax losses	262	-	-
Defined benefit obligations	15	2	-
MAT credit entitlement	20	-	-
Gross deferred tax asset	297	2	-
Deferred tax liability			
Property, plant and equipment, investment property and intangible assets	4	-	-
Gross deferred tax liability	4	-	-
Net deferred tax asset	293	2	-
7. Other assets			
(a) Non-current			
Balances with statutory / government authorities	14	27	29
	14	27	29
(b) Current			
Prepayments	12	22	72
	12	22	72
8. Inventories (valued at lower of cost and net realisable value)			
Consumables	-	-	9
	-	-	9
9. Trade receivables			
Unsecured, considered good [Also refer note 25]	942	546	214
	942	546	214

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 27.

	March 31, 2017	March 31, 2016	April 01, 2015
10. Cash and cash equivalents			
Balances with banks:			
On current accounts	30	67	10
Cash on hand [refer note (a) below]	-	-	-
Total cash and cash equivalent	30	67	10

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

	March 31, 2017	March 31, 2016	April 01, 2015
11. Other current financial assets			
Other receivables	-	55	60
Other receivables from related parties [Also refer note 25]	-	-	81
	-	55	141
12(a). Equity share capital			
Authorised			
1,000,000 (March 31, 2016 - 1,000,000; April 01, 2015 - 1,000,000) equity shares of ₹ 1 each (March 31, 2016 - ₹ 1 each; April 01, 2015 - ₹ 1 each)	1	1	1
Issued, subscribed and fully paid-up			
500,000 (March 31, 2016 - 500,000; April 01, 2015 - 500,000) equity shares of ₹ 1 each (March 31, 2016 - ₹ 1 each; April 01, 2015 - ₹ 1 each)	1	1	1

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

Equity shares	March 31, 2017		March 31, 2016	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	500,000	1	500,000	1
Issued during the year	-	-	-	-
Outstanding at the end of the year	500,000	1	500,000	1

(ii) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	March 31, 2017		March 31, 2016	
	No.	% holding	No.	% holding
Equity shares of ₹ 1 each fully paid				
Biocon Limited, the Holding Company (including shares held through nominees)	500,000	100%	500,000	100%

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

12(b). Other equity

Retained earnings

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

	March 31, 2017	March 31, 2016	April 01, 2015
13. Long-term borrowings			
Loan from holding company (unsecured)	1,923	1,455	2,447
	1,923	1,455	2,447

The Company has obtained an unsecured loan facility of upto ₹ 6,500 on July 24, 2014 from Biocon Limited, carrying an interest rates prevailing for Government Securities for supporting its operation and funding research and development activities. The loan is repayable by March 31, 2020.

The maximum amount outstanding during the year to Biocon Limited was ₹ 1,965 (March 31, 2016 - ₹ 4,799, April 01, 2015 - ₹ 3,053).

	March 31, 2017	March 31, 2016	April 01, 2015
14. Provisions			
(a) Non-current			
Provision for employee benefits			
Gratuity [refer note 26]	27	23	17
	27	**23**	**17**
(b) Current			
Provision for employee benefits			
Gratuity [refer note 26]	4	4	3
Compensated absences	10	9	7
	14	**13**	**10**

(i) Movement in provisions		Gratuity	Compensated absences
Balance as at March 31, 2016		27	9
Provision recognised during the year		4	1
Balance as at March 31, 2017		31	10

	March 31, 2017	March 31, 2016	April 01, 2015
15. Other liabilities			
(a) Non-current			
Deferred revenues	16	19	113
	16	**19**	**113**
(b) Current			
Deferred revenues	3	3	3
Advances from co-development partner	-	-	8
Book overdraft	18	3	-
Statutory dues	13	15	11
	34	**21**	**22**
16. Short-term borrowings			
From banks/ financial institutions			
Packing credit foreign currency loan (unsecured) [refer note (i) below]	-	-	685
	-	-	685
The above amount includes			
Secured borrowings	-	-	-
Unsecured borrowings	-	-	685

(i) The Company had obtained foreign currency denominated loans of ₹ Nil [March 31, 2016 - Nil, March 31, 2015 - ₹ 685 (USD 11 million)], carrying an interest rate of LIBOR plus 0.35% per annum, from a bank as at March 31, 2015. The loan was subsequently repaid during the year ended March 31, 2016.

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	March 31, 2017	March 31, 2016	April 01, 2015
17. Trade payables			
Trade payables [refer note (a) below]			
Total outstanding dues of micro and small enterprises	-	-	3
Total outstanding dues of creditors other than micro and small enterprises	299	910	504
	299	910	507
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006			
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year			
Principal amount due to micro and small enterprises	-	-	3
Interest due on the above	-	-	-
(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	3	7	5
(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) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-	-
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers.			
18. Other financial liabilities			
Current			
Interest accrued and due	-	-	10
Interest accrued but not due	26	82	-
Payables for capital goods	30	10	11
	56	92	21

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	Year ended March 31, 2017	Year ended March 31, 2016
19. Revenue from operations		
Sale of services		
Research fees	1,631	831
Licensing and development fees [refer note 4(a)]	-	3,195
Royalty income	16	27
	1,647	**4,053**
20. Other income		
Interest income on:		
Others	7	-
Dividend income from:		
Non-current investments	-	2
Foreign exchange gain, net	-	39
Other non-operating income	3	6
	10	**47**
21. Employee benefits expense		
Salaries, wages and bonus	354	302
Contribution to provident and other funds	15	13
Gratuity [refer note 26]	5	4
Staff welfare expenses	12	18
	386	**337**
22. Finance costs		
Interest expense on		
Loan from holding company	121	316
Others	2	-
	123	**316**
23. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3]	93	93
Amortisation of intangible assets [refer note 4]	5	7
	98	**100**

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	Year ended March 31, 2017	Year ended March 31, 2016
24. Other expenses		
Rent	42	37
Communication expenses [refer note (b) below]	1	-
Travelling and conveyance	26	13
Professional charges	1	152
Payments to auditors [refer note (a) below]	1	1
Power and fuel	48	53
Insurance [refer note (b) below]	-	2
Lab consumables	391	386
Repairs and maintenance		
Others	50	68
Printing and stationery	4	2
Research & development expenses [refer note (c) below]	85	1,190
Miscellaneous expenses	10	23
	659	1,927
Product development costs capitalised [refer note (d) below]	-	(701)
	659	1,226
(a) Payments to auditors:		
As auditor:		
Statutory audit fee	1	1
Tax audit fee [refer note (b) below]	-	-
	1	1
(b) Amounts are not presented since the amounts are rounded off to Rupees million.		
(c) Research and development expenses includes consumption of consumables comprising of reference product and resins		
Details of consumption		
Inventory at the beginning of the year	-	9
Add: Purchases	-	-
	-	9
Less: Inventory at the end of the year	-	-
Consumption for the year	-	9

(d) Product development cost capitalised comprise of lab consumables of ₹ Nil (March 31, 2016 - ₹ 30) and other third party costs of ₹ Nil (March 31, 2016 - ₹ 671) included in research and development expenses above.

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25. Related party disclosure

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

Name of the related party	Relationship	Description	April 1, 2016 to March 31, 2017 Expenses/(Income)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable	April 1, 2015 to March 31, 2016 Expenses/(Income)/ Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	Balance as at April 01, 2015 (Payable)/ Receivable
Biocon Limited	Holding Company	Research fees	(243)	-	-	-	-
		Cross charges towards lab consumables and other expenses	-	-	673	-	-
		Royalty income	(16)	-	(27)	-	-
		Research and development expenses	12	-	-	-	-
		Rent expenses	42	-	37	-	-
		Repairs and maintenance towards utility charges	-	-	13	-	-
		Power fuel	46	-	53	-	-
		Staff welfare expenses towards canteen charges	5	-	-	-	-
		Purchase of goods	6	-	40	-	-
		Expenses incurred on behalf of the related party	-	-	26	-	-
		Trade receivables	-	39	-	-	-
		Trade payables	-	-	-	(349)	(181)
		Loan from Holding company, net	(468)	(1,923)	992	(1,455)	(2,447)
		Interest on long-term borrowings	121	(26)	316	(82)	-
Syngene International Limited	Fellow Subsidiary	Research and development expenses	3	-	-	-	-
		Professional charges	-	-	116	-	-
		Staff Welfare Expenses	1	-	-	-	-
		Trade payable	-	(7)	-	(24)	(11)
		Dividend Income	-	-	(2)	-	-
Biocon SA	Fellow Subsidiary	Research fees	(501)	-	(776)	-	-
		Trade receivables	-	484	-	359	221
Biocon Biologics Limited	Fellow Subsidiary	Research fees	(779)	-	(55)	-	-
		Licensing and development fees	-	-	(2,820)	-	-
		Trade receivables	-	324	-	55	-
Biocon SDN BHD	Fellow Subsidiary	Research fees	(107)	-	-	-	-
		Other non-operating income	-	-	(3)	-	-
		Other receivables	-	-	-	-	2
		Trade receivables	-	104	-	-	-

(a) Fellow subsidiary companies with whom the Company did not have any transactions:

(i) Biocon Academy, a subsidiary of Biocon Limited
(ii) Biocon Pharma Limited, a subsidiary of Biocon Limited
(iii) Biocon FZ LLC, a subsidiary of Biocon Limited
(iv) Biocon Pharma Inc., a subsidiary of Biocon Pharma Limited
(v) Biocon Biologics India Limited, a step down subsidiary of Biocon Limited

26. Employee benefit plans

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a unfunded.

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

	Defined benefit obligation	
	March 31, 2017	March 31, 2016
Balance as at beginning of the year	27	20
Current service cost	3	2
Interest expense	2	2
Amount recognised in Statement of profit and loss	5	4
Remeasurements:		
Return on plan assets, excluding amounts included in interest expense/(income)		
Actuarial loss arising from:		
Financial assumptions	1	1
Experience adjustment	1	3
Amount recognised in other comprehensive income	2	4
Employers contribution	-	-
Benefits paid	(3)	(1)
Balance as at end of the year	31	27

	March 31, 2017	March 31, 2016	April 01, 2015
Current	4	4	3
Non current	27	23	17
Total	31	27	20

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

	March 31, 2017	March 31, 2016	April 01, 2015
Interest rate	6.9%	7.5%	8.8%
Discount rate	6.9%	7.5%	7.9%
Expected return on plan assets	6.9%	7.5%	7.9%
Salary increase	9.0%	9.0%	9.0%
Attrition rate	14% - 30%	7% - 26%	7% - 26%
Retirement age - Years	58	58	58
Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.			

(iii) Sensitivity analysis

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

Particulars	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate	(2)	2	(1)	1
Salary increase	2	(2)	1	(1)
Attrition rate*	-	-	-	-

*the amounts are not presented since they are rounded off to Rupees million.

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

Maturity profile of defined benefit obligation

Particulars	₹ Millions
1st Following year	3.5
2nd Following year	3.5
3rd Following year	3.4
4th Following year	3.3
5th Following year	3.1
Years 6 to 10	15.6

27. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

March 31, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	972	-	972	972	-	-	972
Trade receivables	-	-	942	942	-	-	-	-
Cash and cash equivalents	-	-	30	30	-	-	-	-
	-	972	972	1,944				
Financial liabilities								
Long-term borrowings	-	-	1,923	1,923	-	-	-	-
Trade payables	-	-	299	299	-	-	-	-
Other current financial liabilities	-	-	56	56	-	-	-	-
	-	-	2,278	2,278				

March 31, 2016	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	717	-	717	717	-	-	717
Trade receivables	-	-	546	546	-	-	-	-
Cash and cash equivalents	-	-	67	67	-	-	-	-
Other current financial asset	-	-	55	55	-	-	-	-
	-	717	668	1,385				
Financial liabilities								
Long-term borrowings	-	-	1,455	1,455	-	-	-	-
Trade payables	-	-	910	910	-	-	-	-
Other current financial liabilities	-	-	92	92	-	-	-	-
	-	-	2,457	2,457				

April 01, 2015	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	355	-	355	-	355	-	355
Trade receivables	-	-	214	214	-	-	-	-
Cash and cash equivalents	-	-	10	10	-	-	-	-
Other current financial asset	-	-	141	141	-	-	-	-
	-	355	365	720				
Financial liabilities								
Long-term borrowings	-	-	2,447	2,447	-	-	-	-
Short-term borrowings	-	-	685	685	-	-	-	-
Trade payables	-	-	507	507	-	-	-	-
Other current financial liabilities	-	-	21	21	-	-	-	-
	-	-	3,660	3,660				

B. Financial risk management

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

- Credit risk

- Liquidity risk

- Market risk

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.

(i) Credit risk

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

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 942 (March 31, 2016: ₹ 546, April 01, 2015: ₹ 214). There is no allowance for expected credit loss in respect of trade and other receivables during the year.

(ii) Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following line of credit:

(a) Unsecured loan facility from Holding Company carrying interest rate prevailing for Government Securities. The loan is repayable by March 31, 2020.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	Less than 1 year	1-2 years	2-5 years	Total
Long-term borrowings	-	-	1,923	1,923
Trade payables	299	-	-	299
Other financial liabilities	56	-	-	56
Total	**355**	**-**	**1,923**	**2,278**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2016:

Particulars	Less than 1 year	1-2 years	2-5 years	Total
Long-term borrowings	-	-	1,455	1,455
Trade payables	910	-	-	910
Other financial liabilities	92	-	-	92
Total	**1,002**	**-**	**1,455**	**2,457**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of April 01, 2015:

Particulars	Less than 1 year	1-2 years	2-5 years	Total
Long-term borrowings	-	-	2,447	2,447
Short-term borrowings	685	-	-	685
Trade payables	507	-	-	507
Other financial liabilities	21	-	-	21
Total	**1,213**	**-**	**2,447**	**3,660**

(iii) 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 currency profile of financial assets and financial liabilities as at March 31, 2017 and March 31, 2016 are as below:

March 31, 2017	USD	EUR	Others	Total
Financial assets				
Trade receivables	907	-	-	907
Cash and cash equivalents	24	-	-	24
Financial liabilities				
Trade payables	(188)	(7)	(2)	(197)
Other current financial liabilities	(20)	-	-	(20)
Net assets / (liabilities)	**723**	**(7)**	**(2)**	**714**

March 31, 2016	USD	EUR	Others	Total
Financial assets				
Trade receivables	546	-	-	546
Cash and cash equivalents	41	-	-	41
Other current financial asset	55	-	-	55
Financial liabilities				
Trade payables	(391)	(11)	(2)	(404)
Net assets / (liabilities)	**251**	**(11)**	**(2)**	**238**

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
USD Sensitivity				
INR/USD - Increase by 1%	7	3	7	3
INR/USD - Decrease by 1%	(7)	(3)	(7)	(3)
EUR Sensitivity				
INR/EUR - Increase by 1% (refer note (i) below)	-	-	-	-
INR/EUR - Decrease by 1% (refer note (i) below)	-	-	-	-

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

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2017 and March 31, 2016 the Company's borrowings at variable rate were mainly denominated in INR.

(a) Interest rate risk exposure

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	1,923	1,455	3,132
Total borrowings	1,923	**1,455**	**3,132**

(b) Sensitivity

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars Significant observable inputs	March 31, 2017 Profit or (loss)		March 31, 2016 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Interest rates (100 bps movement)	(19)	19	(15)	15

28. Capital management

The Company's objective when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain market confidence and to sustain future development of the business. In order to fund its operations, the Company has obtained an unsecured loan facility upto ₹ 6,500 on July 24, 2014 from Biocon Limited, carrying an interest rates prevailing for Government Securities for supporting its operation and funding research and development activities. The loan is repayable on March 31, 2020. The maximum amount outstanding during the year to Biocon Limited was ₹ 1,965 (March 31, 2016 - ₹ 4,799).

29. Tax expense

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	20	-
	MAT credit entitlement	(20)	-
	Deferred tax expense / (income) related to:		
	Origination and reversal of temporary differences	(270)	-
	Tax expense for the year	**(270)**	**-**
(b)	**Reconciliation of effective tax rate**		
	Profit before tax	391	832
	Tax at statutory income tax rate 34.61% (March 31, 2016 - 34.61%)	135	288
	Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
	Exempt income	(59)	(165)
	Tax losses	(343)	(123)
	Others	(3)	-
	Income tax expense	**(270)**	**-**
(c)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	-	991
	Potential tax impact	-	343
	Expiry date [Financial year]	-	2021-22 to 2022-23

(d) **Recognised deferred tax assets and liabilities**

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

For the year ended March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
Tax losses	-	262	-	262
Defined benefit obligations	2	12	1	15
MAT credit entitlement	-	20	-	20
Gross deferred tax asset	**2**	**294**	**1**	**297**
Deferred tax liability				
Property, plant and equipment, investment property and intangible assets	-	4	-	4
Gross deferred tax liability	**-**	**4**	**-**	**4**
Net deferred tax asset	2	290	1	293

For the year ended March 31, 2016	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
Tax losses	-	-	-	-
Defined benefit obligations	-	-	2	2
MAT credit entitlement	-	-	-	-
Gross deferred tax asset	**-**	**-**	**2**	**2**
Deferred tax liability				
Property, plant and equipment, investment property and intangible assets	-	-	-	-
Gross deferred tax liability	**-**	**-**	**-**	**-**
Net deferred tax asset	-	-	2	2

30. Contingent liabilities and commitments

		March 31, 2017	March 31, 2016	April 01, 2015
(a)	Claims against the Company not acknowledged as debt			
	Direct taxation (matters pertaining to disputes on tax holiday benefits and disallowance of certain expenses claimed by the Company)	496	496	496
(b)	Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	6	6	10
(c)	Operating lease commitments			
	Where the Company is a lessee:			
	Vehicles:			
	The company has taken vehicles for certain employees under operating lease, which expires over a period upto December 2019. Gross rental expenses for the year aggregated to ₹ 1 (March 31, 2016 - ₹ 1, March 31, 2015 - ₹ 1). The committed lease rentals in future are as follows:			
	Not later than one year	1	1	1
	Later than one year and not later than five years	1	1	1

31. First-time adoption of Ind AS

These financial statements have been prepared in accordance with the Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Group has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from April 01, 2015 ("transition date").

In preparing its Ind AS balance sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains how the transition from previous GAAP to Ind AS has affected the Company's balance sheet and financial performance.

(A) Mandatory exceptions

In preparing these standalone financial statements, the Company has applied the below mentioned mandatory exceptions.

(1) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

(2) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(B) Reconciliations

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101 - First-time adoption of Ind AS.

(i) Reconciliation of equity as at April 01, 2015

	Previous GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	520	-	520
Capital work-in-progress	8	-	8
Intangible assets	14	-	14
Intangible assets under development	1,007	(337)	670
Financial assets			
(i) Investments	298	57	355
Income tax asset, net	77	-	77
Other non-current assets	29	-	29
	1,953	**(280)**	**1,673**
Current assets			
Inventories	9	-	9
Financial assets			
(i) Trade receivables	214	-	214
(ii) Cash and cash equivalent	10	-	10
(iii) Other financial assets	141	-	141
Other current assets	72	-	72
	446	**-**	**446**
TOTAL	**2,399**	**(280)**	**2,119**
EQUITY AND LIABILITIES			
Equity			
Share capital	1	-	1
Other equity	(2,007)	303	(1,704)
	(2,006)	**303**	**(1,703)**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	2,447	-	2,447
Provisions	17	-	17
Other non-current liabilities	696	(583)	113
	3,160	**(583)**	**2,577**
Current liabilities			
Financial liabilities			
(i) Borrowings	685	-	685
(ii) Trade payables	507	-	507
(iii) Other financial liabilities	21	-	21
Short-term provision	10	-	10
Other current liabilities	22	-	22
	1,245	**-**	**1,245**
TOTAL	**2,399**	**(280)**	**2,119**

(ii) Reconciliation of equity as at April 01, 2016

	Previous GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	481	-	481
Capital work-in-progress	10	-	10
Intangible assets	7	-	7
Intangible assets under development	269	(269)	-
Financial assets			
(i) Investments	298	419	717
Income tax asset, net	88	-	88
Deferred tax assets, net	-	2	2
Other non-current assets	27	-	27
	1,180	**152**	**1,332**
Current assets			
Financial assets			
(i) Trade receivables	546	-	546
(ii) Cash and cash equivalent	67	-	67
(iii) Other financial assets	55	-	55
Other current assets	22	-	22
	690	**-**	**690**
TOTAL	**1,870**	**152**	**2,022**
EQUITY AND LIABILITIES			
Equity			
Share capital	1	-	1
Other equity	(1,338)	826	(512)
	(1,337)	**826**	**(511)**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	1,455	-	1,455
Provisions	23	-	23
Other non-current liabilities	693	(674)	19
	2,171	**(674)**	**1,497**
Current liabilities			
Financial liabilities			
(i) Trade payables	910	-	910
(ii) Other financial liabilities	92	-	92
Short-term provision	13	-	13
Other current liabilities	21	-	21
	1,036	**-**	**1,036**
TOTAL	**1,870**	**152**	**2,022**

(iii) Reconciliation of Statement of profit and loss for the year ended March 31, 2016

	Previous GAAP	Adjustments	Ind AS
INCOME			
Revenue from operations	4,053	-	4,053
Other income	44	3	47
Total income (I)	**4,097**	**3**	**4,100**
EXPENSES			
Employee benefits expense	341	(4)	337
Other expenses	1,235	(9)	1,226
Finance costs	316	-	316
Depreciation and amortisation expense	165	(65)	100
Product development cost charged off	1,371	(82)	1,289
Total expenses (II)	**3,428**	**(160)**	**3,268**
Profit for the year	**669**	**163**	**832**
Other comprehensive income			
Items that will not be reclassified to profit or loss	-	358	358
Income tax related to items that will not be reclassified to profit or loss	-	2	2
	-	360	360
Total comprehensive income	**669**	**523**	**1,192**

(iv) Reconciliation of total equity

	March 31, 2016	April 01, 2015
Equity under previous GAAP attributable to shareholders of the Company	(1,337)	(2,006)
Adjustments:		
Fair valuation of non-current investment	419	57
Difference on account of revenue recognition	-	(91)
De-recognition of intangibles under development	407	337
Total adjustments	**826**	**303**
Equity under Ind AS attributable to shareholders of the Company	**(511)**	**(1,703)**

	Note	March 31, 2016
(v) Reconciliation of the net profit		
Net profit reconciliation		
Net Profit attributable to shareholders of the Company as per previous GAAP [A]		669
Adjustments		
De-recognition of intangibles under development	(i)	68
Difference on account of revenue recognition	(ii)	91
Other adjustments	(iii)	4
Total adjustments [B]		**163**
Profit for the year [C= A+B]		**832**
Other comprehensive income (OCI):		
Actuarial loss on defined benefit obligations – Gratuity	(iv)	(2)
Fair valuation of non-current investment	(v)	362
Sub-total [D]		**360**
Total comprehensive income for the year [C + D]		**1,192**

Notes to reconciliation:

(i) Impact of Ind AS adjustments on de-recognition of intangibles under development.

(ii) Difference on account of revenue recognition is primarily due to difference in timing of revenue recognition under Ind AS as compared to Previous GAAP.

(iii) Other adjustments on account of actuarial gains/(losses).

(iv) Actuarial loss on defined benefit obligations (gratuity) taken to other comprehensive income under Ind AS as compared to the statement of profit and loss under previous GAAP.

(v) In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries, associate and joint venture have been fair valued.

32. Segmental reporting

Business segments

Since the Company's business activity falls within a single business segment, i.e. carrying out research and development of drugs and drug delivery systems, there are no additional disclosures to be provided under Ind AS 108 'Operating Segments' other than those already provided in the financial statements.

Geographical segments

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments. The following is the distribution of the Company's sale by geographical markets.

	March 31, 2017	March 31, 2016
Revenue from operations		
India	260	27
Outside India	1,387	4,026
	1,647	**4,053**

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

	March 31, 2017	March 31, 2016
Carrying amount of non-current assets		
India	524	613
Outside India	-	-
	524	**613**

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

Significant clients

The revenues from the below clients were individually more than 10% of the Company's total revenue.

	March 31, 2017	March 31, 2016
Biocon Limited	243	-
Biocon SA	501	776
Biocon Biologics Limited	779	2,875

33. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Amount in Rupees

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	156,500	114	156,614
(+) Permitted receipts	-	100,000	100,000
(-) Permitted payments	-	(1,355)	(1,355)
(-) Amount deposited in Banks	(156,500)	-	(156,500)
Closing cash in hand as on December 30, 2016	**-**	**98,759**	**98,759**

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

for and on behalf of the Board of Directors of Biocon Research Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229

John Shaw
Director
DIN: 00347250

Siddharth Mittal
Authorised Signatory

Bengaluru
April 27, 2017