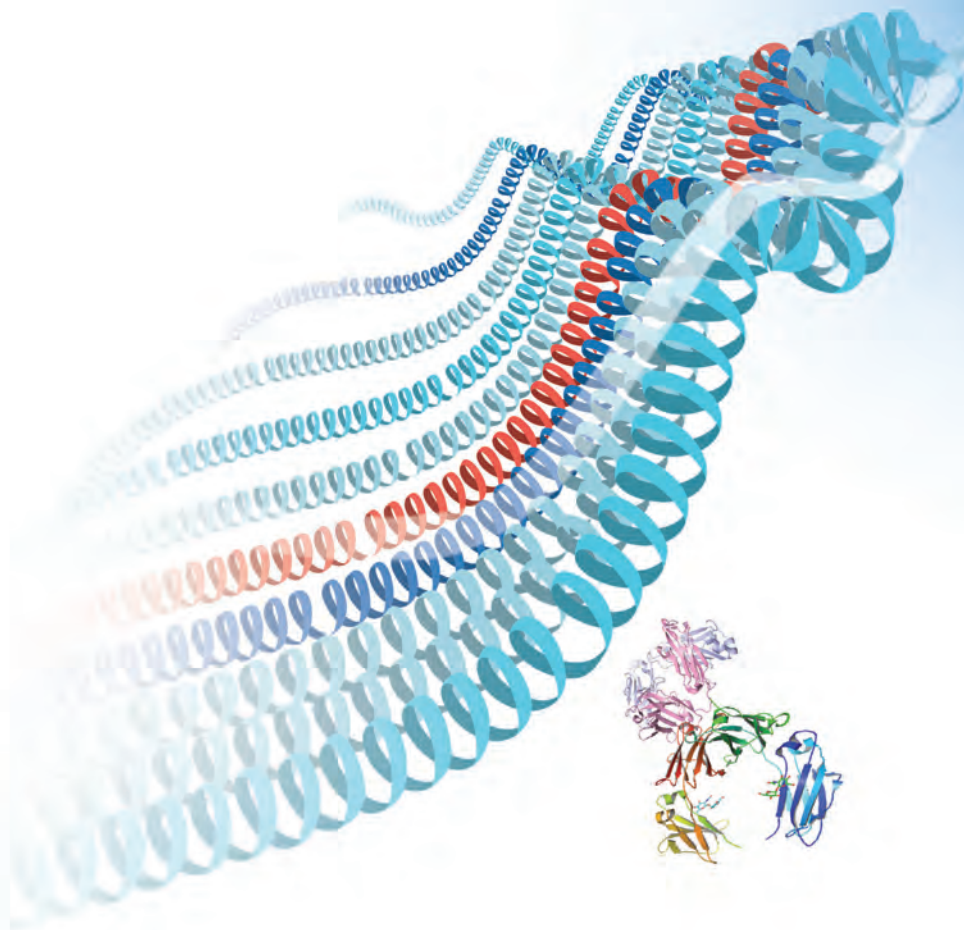




# Enduring Edge

Annual Report **2018**







# Enduring Edge

In a world of complexities, uncertainties and evolving medical paradigms, Biocon's enduring edge leads it to a position of strength in the biosimilars domain.

## Financial Report

Board's Report	75
Management Discussion and Analysis	109
Corporate Governance Report	120
Business Responsibility Report	133
Standalone Financial Statements	144
Consolidated Financial Statements	195

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)



# BIOCON LIMITED

## Board's Report

Dear Shareholders,

We present you the Fortieth (40<sup>th</sup>) Annual Report on business and operations along with the Audited Financial Statements and the Auditor's Report of your Company for the financial year ended March 31, 2018.

### Financial Highlights

In ₹ Million (except EPS)

Particulars	Standalone Results		Consolidated Results	
	FY18	FY17	FY18	FY17
Total revenue	25,502	27,172	43,359	40,787
Expenses	22,444	21,810	37,472	32,453
Share of profit of joint venture and associate, net	-	-	213	163
<b>Profit before tax</b>	<b>3,058</b>	<b>5,362</b>	<b>6,100</b>	<b>8,497</b>
Income tax	673	1,211	1,569	1,538
Income tax on exceptional items	-	(1,042)	-	78
Non-controlling interest	-	-	807	760
<b>Profit for the year</b>	<b>2,385</b>	<b>5,193</b>	<b>3,724</b>	<b>6,121</b>
Other comprehensive income, net	(65)	84	130	646
<b>Total comprehensive income</b>	<b>2,320</b>	<b>5,277</b>	<b>3,854</b>	<b>6,767</b>
Earnings per Share (EPS) before exceptional item	4.04	7.05*	6.31	10.53*
Earnings per Share (EPS) after exceptional item	4.04	8.82*	6.31	10.39*

\* Adjusted for the effect of bonus shares

### Standalone and Consolidated Financial Statements

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

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

### State of Affairs

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

- Revenue from operations for FY18 stood at ₹ 24,255 mn compared to ₹ 26,184 mn for FY17. Other income for FY18 amounted to ₹ 1,247 mn as against ₹ 988 mn in FY17, primarily comprised income on investments at ₹ 628 mn, foreign exchange gain ₹ 174 mn and dividend income from subsidiaries at ₹ 145 mn.
- Core operating margins (EBIDTA margins net of licensing, impact of forex, R&D and dividend from subsidiaries) was 23% compared to 30% in FY18 on account of lower revenues. Profit for the year stood at ₹ 2,385 mn compared to ₹ 5,193 mn for FY17.
- Effective Tax Rate (ETR) for the year was 22% as compared to 23% in the previous year before exceptional item.

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

- During the year, our consolidated revenues registered a growth of 6% to ₹ 43,359 mn from ₹ 40,787 mn in FY17. From a segment perspective, the research services recorded an annual growth of 19% while Biologics and Branded Formulation registered a growth of 10% and 11% respectively. Small molecules was down 8%.
- Core margins (EBITDA margins net of licensing, impact of forex and R&D) stood at 27% as compared to 32% in FY17. Profit for the year stood at ₹ 4,531 mn compared to ₹ 6,881 mn for FY17. Profits for FY17 included tax on exceptional item of ₹ 78 mn.

### Income Tax on Exceptional Items

Income tax on exceptional items during the FY17 comprised the following:

During the year ended March 31, 2017, the Company, in its Standalone Financial Statements recorded MAT credit entitlement of ₹ 1,042 mn on sale of equity shares of Syngene International Limited in FY16. However, in the Consolidated Financial Statements such entitlement is recognised as a credit in equity along with the underlying dilution gain on sale of equity stake in Syngene, as it did not impact Group's control.

During the year ended March 31, 2017, Biocon SA ("BSA") transferred all of its rights, interests and obligations in Insulin Analogs (IPR) to Biocon Sdn. Bhd. Consequent to this transfer BSA recorded a net gain in its Standalone books which was offered to tax under the Swiss tax laws. The above restructuring did not have any impact on Consolidated Financial Statements, except for a tax cost of ₹ 78 mn representing the tax payable by BSA locally which had been included within income tax expenses for the year ended March 31, 2017.

### Bonus

During FY18, the Company issued and allotted 400 mn equity shares of ₹ 5 each as fully paid bonus shares in the ratio of two equity shares for every one equity share held by the Members as on the record date, June 17, 2017. Consequently, issued, subscribed and paid-up share capital of the Company has increased to ₹ 3,000 mn.

### Dividend

Your Directors are pleased to recommend a Final Dividend of Re. 1/- (20%) per equity share for the financial year ended March 31, 2018, entailing a pay-out of ₹ 600 mn. The dividend pay-out is subject to approval of Members at the ensuing Annual General Meeting (AGM).

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

### Dividend Distribution Policy

As per the provisions of Regulation 43A of SEBI Listing Obligations and Disclosure Requirements (SEBI LODR), the top 500 listed companies shall formulate a Dividend Distribution Policy. Accordingly, the Policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Policy is appended herewith as *Annexure 2* to the Board's Report and is also available on the Company's website at [http://www.biocon.com/docs/Dividend\\_Distribution\\_Policy.pdf](http://www.biocon.com/docs/Dividend_Distribution_Policy.pdf).

### Transfer of Unpaid and Unclaimed Amounts to IEPF

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. During the year under review, the Company has credited unpaid/ unclaimed dividends of financial year 2009-10 amounting to ₹ 546,255 lying in the unpaid dividend account to the IEPF.

### Subsidiaries

Your Company has formulated a Policy for determining 'Material' Subsidiaries pursuant to the provisions of SEBI LODR. The said Policy is available at the Company's website [http://www.biocon.com/docs/PolicyDocument\\_MaterialSubsidiary.pdf](http://www.biocon.com/docs/PolicyDocument_MaterialSubsidiary.pdf)

During the year, Syngene USA Inc., was incorporated on August 24, 2017 as a wholly owned subsidiary of Syngene International Limited and Biocon Healthcare Sdn. Bhd. was incorporated on August 10, 2017 as a wholly owned subsidiary of your Company. As on March 31, 2018, your Company has 12 subsidiaries.

A report on the performance and financial position of each of the subsidiary and joint venture is presented below.

### Syngene International Limited, India

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

During the year ended March 31, 2018, Syngene registered a revenue growth of 17% to ₹ 14,849 mn in FY18 (FY17 - ₹ 12,716 mn). The growth was led by an overall strong performance across all its businesses. EBITDA margin for the year was 35%, with the operating margin at ₹ 5,262 mn (FY17 - ₹ 4,783 mn), registering a growth of 10%.

Pursuant to a fire incident on December 12, 2016, at Syngene, certain fixed assets, inventory and other contents in one of the buildings were damaged.

Syngene lodged an estimate of loss with the insurance company and the survey is currently ongoing. Syngene recorded a loss of ₹ 795 mn arising from such incident during the year ended March 31, 2017. During the year ended March 31, 2018, Syngene has additionally recorded losses aggregating to ₹ 237 mn. Syngene also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (₹ Nil) under Exceptional items in these Financial Statement. During the year ended March 31, 2018, Syngene has received an disbursement of ₹ 615 mn (March 31, 2017: ₹ 200mn) from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

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

On April 25, 2018, the Board of Directors of Syngene recommended a dividend of ₹ 1/- (10%) per equity for the financial year ended March 31, 2018, entailing a pay-out of ₹ 200 mn. The dividend pay-out is subject to approval of Members of Syngene at the ensuing Annual General Meeting (AGM).

### Syngene USA Inc.

Syngene USA Inc, a wholly owned subsidiary of Syngene, incorporated on August 24, 2017, with Registered Office in the State of Delaware, United States of America (USA). The Company provides sales and business support services to the operations of Syngene in USA.

### Biocon Research Limited, India

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

BRL's current business is directed towards the R&D services for Monoclonal Antibody molecules (mAbs) and Proteins, insulin Tregopil (formally referred to as IN-105) and other insulin products on behalf of other group companies. The research programs undertaken by BRL have made significant inroads to the next level of global clinical trials. BRL continues to hold 0.93% shareholding in Syngene.

During FY18, BRL registered a turnover of ₹ 2,190 mn and reported a net profit of ₹ 431 mn compared to a turnover of ₹ 1,657 mn and a net profit of ₹ 661 mn in FY17. FY18 revenue includes sale of export incentives to Biocon Limited for a consideration of ₹ 181 mn.

### Biocon Pharma Limited, India

Biocon Pharma Limited ("BPL") is a wholly owned subsidiary of the Company. BPL would be engaged in the development and manufacture of generic formulations for sale in global markets, especially opportunities in US and EU. BPL is in the process of setting up its formulations manufacturing facility for oral solid dosages at Bengaluru. During FY18, 2 mn equity shares of face value of ₹ 10 were issued to Biocon Limited at face value.

As at March 31, 2018, BPL has not commenced commercial operations and has capital work-in-progress of ₹ 1,862 mn (FY17 - ₹ 1,130 mn).

### Biocon Pharma Inc, USA

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

During FY18, BPI commenced commercial operations and has registered a turnover of ₹ 170 mn and reported a net loss of ₹ 218 mn.

### Biocon SA, Switzerland

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

In the current year, BSA registered a net loss of ₹ 255 mn against a net profit of ₹ 684 mn in FY17 primarily due to expenditure incurred on Research and Development activities. Exceptional gains as explained below resulted in profits for FY17.

#### Exceptional item represents:

During FY17, BSA and Biocon Sdn. Bhd. had entered into an Assignment and License Agreement pursuant to which BSA transferred all of its rights, interests and obligations in Insulin Analogs (IPR) to Biocon Sdn. Bhd. Consequent to this transfer BSA recorded a gain of ₹ 1,150 mn, net of tax ₹ 78 mn.

### Biocon Biologics Limited, UK

Biocon Biologics Limited ("BUK") is a wholly owned subsidiary of the Company. Incorporated in the United Kingdom in March 2016, BUK houses Biocon's Biosimilar Biologics business. Biocon Sdn. Bhd. and Biocon Biologics India Limited are wholly owned subsidiaries of BUK. In December 2017, the US Food and Drug Administration approved Ogivri™, a biosimilar Trastuzumab co-developed by Biocon and Mylan.

During the year ended March 31, 2018, BUK earned ₹ 852 mn as revenue and reported a net loss of ₹ 201 mn as against revenue of ₹ 1,826 mn and net loss of ₹ 189 mn in FY17, primarily due to higher expenditure incurred on Research and Development activities.

### Biocon Sdn. Bhd. Malaysia

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

The facility is approved for manufacture of Human insulin and glargine drug product from National Pharmaceutical Regulatory Authority ("NPRA"), Malaysia. During the current year the facility received cGMP certification from HPRA (EMA). With the receipt of product approval from EMA for our Insulin Glargine, Biocon Sdn. Bhd. is set to commence export of products to EU. Biocon Sdn. Bhd. also received the product approval from NPRA, Malaysia for its BASALOG cartridges.



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

Currently in the second year of commercial operations, Biocon Sdn. Bhd. reported a total revenue of ₹ 2,716 mn and net loss of ₹ 697 mn in FY18 against a total revenue of ₹ 998 mn and a net profit of ₹ 5 mn in FY17.

### Biocon Biologics India Limited, India

Biocon Biologics India Limited ("BBIL") is a step down subsidiary of the Company, wholly owned by BUK. BBIL was incorporated on June 08, 2016 in India with an objective to set up greenfield biosimilar biologics facilities. During the current year, the Board and shareholders of BBIL have approved the acquisition of existing Biosimilars business from Biocon Limited for a consideration of ₹ 5,787 mn, subject to regulatory approvals.

As at March 31, 2018, BBIL has not commenced commercial operations and has capital work-in-progress of ₹ 152 mn.

### Biocon FZ LLC, UAE

Biocon FZ LLC is a wholly owned subsidiary of the Company based in Dubai. Incorporated in June 2015, Biocon FZ LLC was established as a marketing entity for pharmaceutical products to target markets in the Middle East and GCC. During the year ended March 31, 2018, Biocon FZ LLC earned ₹ 1,760 mn as revenue and reported a net loss of ₹ 13 as against a revenue of ₹ 1,328 mn and a net loss of ₹ 21 mn in the immediately preceding year.

### Biocon Healthcare Sdn. Bhd., Malaysia

Biocon Healthcare Sdn Bhd ("BHSB"), a 100% owned subsidiary of Biocon Ltd, incorporated in August 2017 in Malaysia. BHSB proposes to carry on the business as importers and distributors in active pharmaceutical and biopharmaceutical ingredients, drugs and devices in the Malaysian market. As at March 31, 2018, BHSB has not commenced commercial operations.

### Biocon Academy, India

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

## Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the SEBI LODR, the Management Discussion and Analysis is set out in this Annual Report.

## Corporate Governance

Your Company is committed to maintain the highest standards of corporate governance. We believe sound corporate governance is critical to enhance and retain investor trust. Our disclosures seek to attain the best practices in corporate governance as prevalent globally. We have implemented several best corporate governance practices in the Company to enhance long-term shareholder value and respect minority rights in all our business decisions. Corporate Governance Report for FY 2017-18 forms part of this Annual Report.

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

## Business Responsibility Report

The Business Responsibility Report ("BRR") of your Company for the year 2017-18 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI LODR.

## Employee Stock Option Plan (ESOP)

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

During the year ended March 31, 2018, a total of 1,894,439, shares were transferred from the ESOP Trust to the eligible employees under the Company's prevailing ESOP plan. As at March 31, 2018, the ESOP Trust held 9,005,047 equity shares of the Company. During the year ended March 31, 2018, there has been no material change in the Company's existing plan and the plan is in compliance with SBEB Regulations. Information as required under SBEB Regulations read with SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 have been uploaded on the Company's website and can be accessed at the web-link: [http://www.biocon.com/biocon\\_invrelation\\_annualreports.asp?subLink=finance](http://www.biocon.com/biocon_invrelation_annualreports.asp?subLink=finance)

The applicable disclosures as stipulated under the SBEB Regulations as on March 31, 2018 is appended herewith as *Annexure 3* to the Board's Report. The Company has received a certificate from the Statutory Auditor that the scheme has been implemented in accordance with SEBI Share Based Employee Benefits (SBEB) Regulations and the resolutions passed by the shareholders. The certificate would be placed at the AGM for inspection by the Members.

## Deposits

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

## Loans, Guarantees or Investments

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

## Policy on Directors' Appointment and Remuneration

The Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2018 the Board consists of 10 Directors, majority of them being Independent Directors. Besides the Chairperson and Managing Director who is a Promoter, the Board comprises of Vice Chairman who is a Non-Executive Director, CEO & Joint Managing Director, a Non-Executive Director and 6 Independent Directors. The Board periodically evaluates the need for change in its composition and size. The Policy of the Company on Director's Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters as required under sub-section (3) of Section 178 of the Companies Act, 2013 are formulated by the Nomination and Remuneration Committee. The Policy of the Company on Director's Appointment and Remuneration is appended herewith as *Annexure 4* to the Boards' Report.

## Board Diversity

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

## Declaration by Independent Directors

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

## Board Evaluation

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

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

## Appointment of Directors and Key Managerial Personnel

The Members at the 39<sup>th</sup> AGM held on July 28, 2017 re-appointed Mr. Russell Walls, Ms. Mary Harney and Mr. Daniel Bradbury as Independent Directors for 5 years. The Members at the said AGM also appointed Prof. Ravi Mazumdar, as a Director liable to retire by rotation. We thank the Members for their support in confirming the above mentioned appointments.

Mr. Rajiv Balakrishnan has ceased to hold office as Company Secretary and Compliance Officer effective March 2, 2018.

## Retirement and Re-appointment

As per the provisions of Section 152(6) of Companies Act, 2013, Mr. John Shaw, Non-Executive Non-Independent Director, retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board recommends his re-appointment.

The current term of appointment of Mr. Jeremy Levin and Mr. Vijay Kuchroo, Independent Directors of the Company shall come to an end at the ensuing AGM. Based on the outcome of the Performance Evaluation, the Nomination and Remuneration Committee has recommended to continue the term of appointment of the Independent Directors and nominated to the Board, re-appointment of Mr. Jeremy Levin and Mr. Vijay Kuchroo as Independent Directors for an additional term of five consecutive years. A brief profile of Mr. Jeremy Levin and Mr. Vijay Kuchroo is given in the Notice of AGM dated June 22, 2018. The Company has received declarations from both the Independent Directors confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI LODR. The Company has also received requisite notices in writing from Members signifying the candidatures of Mr. Jeremy Levin and Mr. Vijay Kuchroo as Independent Directors of the Company.

The Board recommends the re- appointment of Mr. Jeremy Levin and Mr. Vijay Kuchroo as Independent Directors.

## Committees of the Board

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

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

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

## Meetings of the Board

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

The Board during the financial year 2017-18 met five times. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Detailed information regarding the meetings of the Board are included in the report on Corporate Governance, which forms part of the Board's Report.

### Related Party Contracts or Arrangements

All transactions entered into with Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis. The Company has formulated a Policy on "Materiality of Related Party Transactions" and the process of dealing with such transactions, which are in line with the provisions of the Companies Act, 2013 and SEBI LODR. The same is also available on the web-link: [https://www.biocon.com/biocon\\_inrelation\\_cor\\_keygovernance.asp?subLink=gover](https://www.biocon.com/biocon_inrelation_cor_keygovernance.asp?subLink=gover).

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

During the year under review, there were no material related party transactions under Regulation 23 (4) of SEBI LODR entered into by the Company, which necessitates approval of shareholders. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC – 2, is appended herewith as *Annexure 5* to the Board's Report.

### Credit Ratings

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

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

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, is appended herewith as *Annexure 6* to the Board's Report.

### Auditors

#### Statutory Auditors

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

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company had received a written consent from M/s B S R & Co. LLP, Chartered Accountants to their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors at the ensuing AGM.

The Auditors' Report on the Financial Statements of the Company for the year ending March 31, 2018 is unmodified i.e. it does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the Financial Statements forming part of the Annual Report.

#### Cost Auditors

The Board of Directors on the recommendation of the Audit and Risk Committee, appointed M/s Rao & Murthy, Cost Accountants (Firm Registration Number 000065), as the Cost Auditors of the Company for the Financial Year 2017-18 under Section 148 of the Companies Act, 2013. M/s Rao & Murthy, Cost Accountants, have confirmed that their appointment is within the limits of Section 141(3) (g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

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

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s Rao & Murthy, Cost Accountants is included in the Notice convening the 40<sup>th</sup> AGM.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules thereunder, M/s M. Damodaran & Associates, Practising Company Secretaries were appointed to conduct the secretarial audit of the Company for the FY 2017-18. The Secretarial Audit Report for FY 2017-18 is appended herewith as *Annexure 7* to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has appointed M/s. V. Sreedharan & Associates, Practising Company Secretaries as Secretarial Auditor of the Company for the financial year 2018-19.

### Risk Management Policy

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

## Internal Financial Control

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

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

The Company has, in all material respects, an adequate Internal Financial Controls System and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Vigil Mechanism

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

Whistle Blower Policy of your Company is available on the Company's website and can be accessed at the web-link: [https://www.biocon.com/docs/Biocon\\_Group\\_Integrity\\_Whistle\\_Blower\\_Policy.pdf](https://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf).

## Directors' Responsibility Statement

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

- (a) In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) they have prepared the annual accounts on a going concern basis.
- (e) they have laid down Internal Financial Controls based on internal controls framework established by the Company, which were adequate and are operating effectively and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Particulars of Employees

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report and is appended herewith as *Annexure 8* to the Boards' report.

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

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

## Corporate Social Responsibility (CSR)

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

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

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

**Promotion of Art & Culture-** The Company gives a lot of emphasis on protection of national heritage, art and culture and our sincere effort to provide grants to restore many institutions of great public importance including India Foundation for the Arts, Bengaluru are steps in that direction.

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

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

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

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

A detailed report regarding CSR is appended herewith as *Annexure 9* to the Boards' report.

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

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

### Significant and Material Orders

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

### Statutory Disclosures

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

### Material changes and commitments

No material changes and commitments affecting the financial position of the Company have occurred between March 31, 2018 and the date of this Annual Report.

### Change in nature of business

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

### Extract of Annual Return

In accordance with the provisions of Section 134(3) (a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended herewith as *Annexure 10* to the Board's Report.

### Acknowledgement

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

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

For and on behalf of the Board

Bengaluru,  
April 26, 2018

Kiran Mazumdar-Shaw  
Chairperson and Managing Director  
DIN: 00347229

## Annexure 1- Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies/ Joint Ventures

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

### Part A - Subsidiaries

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Subsidiaries Companies and Joint Ventures												In ₹ Million			
Sl. No.	Name of the subsidiary	Date since subsidiary was acquired/ incorporated	Reporting Period	Reporting currency	Share capital*	Reserves & Surplus (other equity)*	Total Assets*	Liabilities (excl. capital & reserves)*	Total Investments (excluding in subsidiaries)*	Turnover#	Profit/ (loss) before taxation#	Provision for taxation#	Profit/(loss) for the year#	Proposed dividend	% of Shareholding by the Company
1	Syngene International Limited, India	November 18, 1993	April - March	INR	2,000	15,201	31,884	14,683	1,577	14,849	3,721	670	3,051	200	73.54%
2	Biocon Research Limited, India	May 28, 2008	April - March	INR	1	978	3,240	2,261	-	2,190	673	242	431	-	100.00%
3	Biocon Academy, India	December 03, 2013	April - March	INR	1	-	38	37	-	-	-	-	-	-	100.00%
4	Biocon Pharma Limited, India	October 31, 2014	April - March	INR	141	(53)	2,528	2,440	-	1	(88)	-	(88)	-	100.00%
5	Biocon SA, Switzerland	April 21, 2008	April - March	USD	6	4,191	4,473	276	4	3	(255)	-	(255)	-	100.00%
6	Biocon Biologics Limited, UK	March 02, 2016	April - March	USD	9,645	(317)	11,391	2,063	-	852	(218)	(17)	(201)	-	100.00%
7	Biocon Sdn. Bhd., Malaysia	January 19, 2011	April - March	USD	3,558	(731)	23,526	20,699	-	2,716	(697)	-	(713)	-	Refer note 4
8	Biocon Pharma Inc, US	July 27, 2015	January - December	USD	221	9	503	273	-	169	(216)	-	(216)	-	Refer note 5
9	Biocon FZ LLC, UAE	June 16, 2015	April - March	AED	3	(31)	907	935	-	1,760	(13)	-	(13)	-	100.00%
10	Biocon Biologics India Limited, India	June 08, 2016	April - March	INR	1	(11)	415	425	-	-	(11)	-	(11)	-	Refer note 6
11	Biocon Healthcare Sdn. Bhd., Malaysia	August 10, 2017	April - March	MYR	17	(10)	19	12	-	-	(10)	-	(10)	-	100.00%
12	Syngene USA Inc., USA	August 24, 2017	January - December	USD	3	3	12	6	-	37	3	-	3	-	Refer note 7

### Notes:

- None of the subsidiaries have proposed dividends as at March 31, 2018, other than Syngene International Limited.
- Biocon Research Limited holds 0.93% of equity stake in Syngene International Limited.
- Biocon Pharma Limited is yet to commence commercial operations as at March 31, 2018.
- Biocon Biologics Limited, UK holds 100% of equity stake in Biocon Sdn. Bhd., Malaysia. The reporting currency of Biocon SDN BHD is MYR, however USD is disclosed since it is the functional currency.
- Biocon Pharma Limited, India holds 100% of equity stake in Biocon Pharma Inc, US.
- Biocon Biologics Limited, UK holds 100% of equity stake in Biocon Biologics India Limited. Biocon Biologics Limited is yet to commence commercial operations as at March 31, 2018.
- Syngene International Limited holds 100% of equity stake in Syngene USA Inc.



\*Exchange rate considered in the case of foreign subsidiaries - 1 USD = 65.08; 1 AED = 17.72; 1 MYR = 16.85

#Converted at monthly average rates

**Part B - Associates & Joint Ventures**

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

Sl. No.	Name of Associate / Joint Venture	Date on which the Associate/ Joint Venture was acquired/ associated	Latest audited Balance Sheet date	Share of Associate / Joint Venture held by the Company on the year end	Extent of Holding %	Description of how there is significant influence	Reason why the Associate / Joint Venture is not Consolidated	Net worth attributable to share holding as per latest audited Balance Sheet	Profit / (Loss) for the year	
									Considered in consolidation	Not considered in consolidation
1	NeoBiocon, UAE	April 29, 2007	March 31, 2018	147,000	49%	By way of control of more than twenty percent of total share capital	NA	638	216 mn	225 mn
2	Equilibrium, Inc. USA	May 22, 2017	NA	242,236	19.5%	By way of representation on the Board of Directors	NA	-	(3 mn)	(251 mn)

For and on behalf of the Board

**Kiran Mazumdar-Shaw**  
Chairperson & Managing Director  
DIN: 00347229

**Arun S Chandavarkar**  
CEO & Joint Managing Director  
DIN:01596182

**Siddharth Mittal**  
President – Finance & Chief Financial Officer

Bengaluru,  
April 26, 2018

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## Annexure 2 - Dividend Distribution Policy

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

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

### Preamble

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

The Company currently has only one class of shares - ordinary equity shares. Therefore, dividend if declared, will be distributed amongst all shareholders, based on their shareholding on the record date. Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare Interim Dividends as may be permitted by the Companies Act, 2013.

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

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

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

### Category of Dividends

The Companies Act, 2013 provides for two forms of Dividend - Final & Interim.

#### A. Final Dividend

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

#### B. Interim Dividend

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

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

### Factors to be Considered While Declaring Dividend

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

#### Internal Factors:

- i) Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
  - a. Previous years and
  - b. Internal budgets,
- ii) Cash flow position of the Company,
- iii) Accumulated reserves,
- iv) Earnings stability,
- v) Future cash requirements for organic growth/expansion and/or for inorganic growth,
- vi) Brand acquisitions,
- vii) Current and future leverage and under exceptional circumstances, the amount of contingent liabilities,
- viii) Deployment of funds in short term marketable investments,
- ix) Long term investments,
- x) Capital expenditure(s).

#### External Factors:

- i) Business cycles,
- ii) Economic environment,
- iii) Cost of external financing,

- iv) Applicable taxes including tax on dividend,
- v) Industry outlook for the future years,
- vi) Inflation rate and
- vii) Changes in the Government policies, industry specific rulings & regulatory provisions.

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

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

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

- i) Capital expenditure for working capital,
- ii) Organic and/ or inorganic growth,
- iii) Investment in new business(s) and/or additional investment in existing business(s),
- iv) Declaration of dividend,
- v) Capitalisation of shares,
- vi) Buy back of shares,
- vii) General corporate purposes, including contingencies,
- viii) Correcting the capital structure and
- ix) Any other permitted usage as per the Companies Act, 2013.

#### **Policy Review**

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

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

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

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

### A. Summary of status of ESOP:

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

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

### B. Option movement during the year 2017-18:

Sl. No.	Particulars	Grant V	Grant VI	Grant VII	Grant VIII	Grant IX	Grant X
1	Number of options outstanding at the beginning of the period *	1,487,586	2,883,714	3,660,600	784,500	1,402,500	611,250
2	Number of options granted during the year	-	-	105,000	90,000	1,695,000	945,000
3	Number of options forfeited / lapsed during the year	201,750	231,189	477,750	31,500	352,500	28,500
4	Number of options vested during the year	444,188	1,087,124	165,750	123,000	-	62,625
5	Number of options exercised during the year	615,339	936,475	185,125	115,500	-	42,000
6	Number of shares arising as a result of exercise of options	615,339	936,475	185,125	115,500	-	42,000
7	Money realized by exercise of options (₹), if scheme is implemented directly by the Company	-	-	-	-	-	-
8	Loan repaid by the Trust during the year from exercise price received	-	-	-	-	-	-
9	Number of options outstanding at the end of the year	670,497	1,716,050	3,102,725	727,500	2,745,000	1,485,750
10	Number of options exercisable at the end of the year	180,747	459,989	24,725	66,750	-	20,625
11	Weighted-average exercise prices of options outstanding at the end of year	126	157	163	161	183	163
12	Weighted-average fair values of options granted	-	-	80	89	242	213

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

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

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

Sl. No.	Name of the Employee	Designation	Grant	No of options granted	Exercise price
1	Seema Shah Ahuja	Vice President	Grant X	60,000	192
2	Rakesh Kumar Bhasin	Vice President	Grant IX	60,000	166
3	Sundaresan Raman	Vice President	Grant IX	60,000	307

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

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

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

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

For and on behalf of the Board

Bengaluru  
April 26, 2018

Kiran Mazumdar-Shaw  
Chairperson & Managing Director  
DIN: 00347229

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## Annexure 4 - Policy on Director's Appointment and Remuneration

The Policy on Appointment and Remuneration of Directors and Key Management Personnel provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. The Policy is pursuant to Section 178(4) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A brief summary of the Policy in relation to the objective, appointment criteria, remuneration and general matters as administered by the Nomination and Remuneration Committee are reproduced herewith –

### Background

#### Section I

The Key Objectives of the Committee / Policy would be:

- To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the Performance of the Members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on remuneration payable to the Directors and Key Managerial Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a Policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

### Composition and Meetings

The Board has constituted a Nomination and Remuneration Committee (NRC) in line with the requirements of the Companies Act, 2013 which oversees the functions related to appointment and remuneration of Directors, Key Managerial Personnel and Senior Management personnel.

The terms of composition and requirements as to the meeting of the Committee are as below-

- The Committee shall consist of minimum of 3 Non-Executive Directors and atleast one half of the composition shall be independent.
- Minimum two (2) Members shall constitute a quorum for the Committee meeting.
- NRC shall meet atleast twice in a year.
- Membership of the Committee shall be disclosed in the Annual Report.

### Definition

'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee

'Directors' mean Directors of the Company.

'Key Managerial Personnel' means Chief Executive Officer and Managing Director, Whole-Time Director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed under the Act.

'Senior Management' means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

### Section II

This section covers the duties of the Committee in relation to various matters and recommendations to be made by the Committee to the Board.

#### Duties and Role of Committee

Matters to be dealt with, perused and recommended to the Board by the Committee shall include –

- Formulating the criteria for determining qualifications, positive attributes and independence of a Director.
- Identifying persons who are qualified to become Director and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in this Policy.
- Recommending to the Board, appointment and removal of Director, Key Managerial Personnel and Senior Management Personnel.

#### Specifically, the duties include

##### A. Nomination Matters

- Determining the appropriate size, diversity and composition of the Board.
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness.



- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan.
- Evaluating the performance of the Board Members and Senior Management in the context of the Company's performance, industry benchmarks and compliance.
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Recommend necessary changes to the Board in line with Board Diversity Policy.
- Considering any other matters, as may be requested by the Board.

#### **B. Remuneration Matters**

- Considering and determining the Remuneration Policy, based on performance with a reasonable and sufficient need to attract, retain and motivate Members of the Board.
- To approve the remuneration of Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company, and its growth strategy.
- To manage and administer the Employee Stock Option Plans of the Company.
- To consider any other matters as may be requested by the Board.

#### **Section III**

This section covers the Policy for appointment, term and retirement of Director and Key Managerial Personnel by the Committee.

##### **Appointment criteria and qualifications**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint any person as Whole-Time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the Notice for such motion indicating the justification for extension of appointment beyond seventy years.

##### **Term / Tenure**

- Managing Director/Whole-Time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.
- Independent Director - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

##### **Evaluation**

The Committee shall carry out evaluation of performance of every Director at regular intervals and at least on an annual basis.

##### **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or Key Managerial Personnel subject to the provisions and compliance of the said Act, Rules and Regulations.

##### **Retirement**

The Director and Key Managerial Personnel shall retire as per the applicable provisions of the Act and the prevailing Policy of the Company. The Board will have the discretion to retain the Director or Key Managerial Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### **Section IV**

This Section of the Policy covers provisions relating to the remuneration for the Whole-Time Director, Key Managerial Personnel and Senior Management Personnel.

**General**

- The remuneration to the Whole-Time Director and Key Managerial Personnel will be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration / compensation / commission etc. shall be subject to approval of the shareholders of the Company and Central Government.
- The remuneration and commission including increments recommended to be paid to the Whole-Time Director shall be in accordance with the percentage / slabs/ conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the Company.

**Remuneration to Whole-time / Executive / Managing Director and Key Managerial Personnel**

- Fixed pay: The Whole-Time Director / Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.
- Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-Time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- Long-term rewards: The long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organisation. These rewards could be in the form / nature of stock options and are based on level of employees and their criticality.
- Provisions for excess remuneration: If any Whole-Time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**Remuneration to Non-Executive / Independent Director:**

- Remuneration / Commission: The remuneration / commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.
- Sitting Fees: The Non-Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
- Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

The remuneration structure for Independent Directors per meeting of the Board / Committee effective April 1, 2014 is as follows –

Particulars	Currency	Amount
Board sitting fees	INR	100,000
Board remuneration	US\$	5,000
Travel allowance for overseas directors(Non US)	US\$	3,000
Travel allowance for overseas directors (US)	US\$	4,000
Chairperson of Audit and Risk Committee	US\$	6,000
Chairperson of other Committees	US\$	2,000
Members of Audit and Risk Committee	US\$	3,000
Members of other Committees	US\$	1,000

**Amendments and Updates**

The Nomination and Remuneration Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Act. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the Rules made thereunder would prevail over the Policy.

For and on behalf of the Board

Bengaluru  
April 26, 2018

Kiran Mazumdar-Shaw  
Chairperson & Managing Director  
DIN: 00347229

## Annexure 5 - Particular of Contracts/Arrangements made with Related Parties

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

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

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Not applicable since there were no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2018 which were not at arms length basis.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	Date(s) of approval by the Board, if any	
g.	Amount paid as advances, if any	
h.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Not applicable since there were no material contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2018.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Date(s) of approval by the Board, if any	
f.	Amount paid as advances, if any	

For and on behalf of the Board

Bengaluru  
April 26, 2018

**Kiran Mazumdar-Shaw**  
Chairperson & Managing Director  
DIN: 00347229

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## Annexure 6 - Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

### A. Conservation of energy

i)	The steps taken or impact on conservation of energy	Power consumption for FY18 was 192 mn units as against 179 mn units in FY17. The unit consumption has increased by 7% YOY and the total energy cost has increased by 14% (₹ 1,662 mn in FY18 from 1,456 mn in FY17). The increase in overall energy cost was attributable to increase in per unit rates across alternate sources of procurement.
ii)	The steps taken by the Company for utilizing alternate source of energy	Total wind power procured in FY18 is 66.75 mn units and corresponding reduction in CO2 emission is approx. 55,000 Tons.
iii)	The Capital investment on energy conservation equipment	INR 5 mn

Sl. No.	Power and fuel consumption details	FY18	FY17
<b>1</b>	<b>Electricity</b>		
a	Purchased		
	Million Units	179	168
	Total amount (INR mn)	1,043	930
	Rate / Unit (INR)	5.8	5.5
b	Captive generation		
	HSD Quantity, KL	4,100	3,300
	Million Units	12	11
	Units / Litre	3.4	3.4
	Cost / Litre (INR)	38.4	34.3
	Generation cost, Rate / Unit (INR)	12.3	9.9
<b>2</b>	<b>Steam</b>		
a	Furnace oil		
	Quantity, KL	16,145	15,302
	Total amount (INR mn)	422	413
	Average rate	26.1	27.0
b	Natural gas		
	Quantity, MMBTU	1,403,597	-
	Total amount (INR mn)	40	-
	Average rate	28.4	-

Sl. No.	Energy conservation measures	Investment (In ₹ Mn)	Energy saved per Annum	
			Units	Amount (In ₹ Mn)
1	Conversion of conventional motors with energy efficient motors			
2	Conversion of CFL Lights into energy efficient LED Lights			
3	Installation of energy efficient brine chiller	5	1,42,000	0.81
4	Optimisation of HVAC system at BRC			

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

### B. Technology Absorption

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

## Research and Development

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

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

### Benefits derived as a result of R&D activities:

1. Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets
2. Rich pipeline of Generic Small Molecules catering to varied therapeutic areas.
3. Internationally competitive prices and product quality.
4. The Company has been granted 1,103 patents and around 666 trademarks as on date in various jurisdictions.
5. Safe and environment friendly processes.
6. Launch of ANDA products in US & EU.

### Future Plan of Action:

1. Strategic Collaborations for increased speed and cost competitiveness in Drug Discovery.
2. Vertical integration for the entire portfolio.
3. Developing a portfolio of Complex Generics.
4. Collaborate with global Academia and Industry to build value & visibility to the portfolio.

### Expenditure incurred on Research & Development:

In ₹ Million

	FY18	FY17
a) Capital	26	250
b) Recurring	2,015	1,461
Total	2,041	1,711
Less: recharge	(49)	(4)
Net R&D Expenses	1,992	1,707

### C. Foreign Exchange Earnings and Outgo:

In ₹ Million

Foreign exchange earned and used during the year:	FY18	FY17
Gross Earnings	12,058	12,988
Outflow	7,348	7,899
Net foreign exchange earnings	4,709	5,090

For and on behalf of the Board

Bengaluru  
April 26, 2018

Kiran Mazumdar-Shaw  
Chairperson & Managing Director  
DIN: 00347229

## Annexure 7 - Secretarial Audit Report for the financial year ended March 31, 2018

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

To  
The Members,  
Biocon Limited,  
CIN: L24234KA1978PLC003417,  
20th K.M.Hosur Road, Hebbagodi,  
Bengaluru.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended on March 31, 2018 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Companies Amendment Act, 2017;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
  - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

I have also examined compliance with the applicable Regulations of the following:

- i. The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
- ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meeting including revised SS-1 and SS-2 issued by The Institute of Company Secretaries of India.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairperson, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the special resolution was passed under Section 180(1)(a) of the Companies Act, 2013 through Postal Ballot result dated 07.12.2017 for Transfer of Biosimilars business of the Company by way of a slump sale as 'Going Concern' to Biocon Biologics India Limited, a step down wholly owned subsidiary of the Company.

For M.Damodaran & Associates

Chennai  
April 26, 2018

M. Damodaran  
FCS No: 5837  
C P No: 5081



## Annexure 8 – Particulars of Remuneration

Details pertaining to remuneration as required under Section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the Director/Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2018 (₹ million)	Percentage increase in remuneration of each Director/CFO/CS in the FY 2017-18	Ratio of the remuneration of each Director to the median remuneration of the employees
1	Ms. Kiran Mazumdar-Shaw <i>Chairperson &amp; Managing Director</i>	22.66	11%	50.3
2	Mr. John Shaw * <i>Vice Chairman</i>	6.39	14%	43.6
3	Mr. Arun Suresh Chandavarkar <i>CEO &amp; Joint Managing Director</i>	37.60	14%	83.5
4	Ms. Mary Harney <i>Independent Director</i>	3.15	12%^	7.0
5	Mr. Russell Walls <i>Independent Director</i>	3.92	5% ^	8.7
6	Mr. Daniel M Bradbury <i>Independent Director</i>	2.96	34% ^	6.6
7	Dr. Jeremy M Levin <i>Independent Director</i>	2.32	(28%)^	5.2
8	Dr. Vijay Kumar Kuchroo <i>Independent Director</i>	1.34	(37%)^	3.0
9	Mr. M. Damodaran <i>Independent Director</i>	2.06	6% ^	4.6
10	Mr. Siddharth Mittal <i>Chief Financial Officer</i>	21.68	10%	NA
11	Mr. Rajiv Balakrishnan # <i>Company Secretary</i>	3.90	2%	NA

\* Mr. John Shaw has been relieved from the position of Whole-Time Director of the Company effective June 30, 2017 and continues to be a Non-Executive Director of the Company. Remuneration above is for the period of him being in the position of Whole-Time Director. Percentage increase in remuneration & ratio of remuneration to the median remuneration of employees has been calculated on annualised basis.

# Mr. Rajiv Balakrishnan ceased to hold office as Company Secretary and Compliance Officer effective March 2, 2018 and hence his remuneration is disclosed only for the period of holding the office.

^ Remuneration of the Independent Directors is as per the Policy on Director's appointment and remuneration. The comparative increase / decrease is based on number of meetings attended by them.

Note: Remuneration of the Independent Directors is excluding sitting fees. The remuneration does not include perquisite value on account of stock options exercised during the year, which has been separately disclosed in *Annexure 10*.

I	Percentage increase / (decrease) in median remuneration of employees in the financial year	The median remuneration of employees increased from ₹ 408,871 as at March 31, 2017 to ₹ 450,000 as at March 31, 2018, representing an increase of 10%.
II	Number of permanent employees on the rolls of the Company	There were 5,005 permanent employees as on March 31, 2018.
III	Average percentile increase in salaries of employees other than managerial personnel and its comparison with the percentile increase in managerial remuneration and justification thereof	The average increase in employee remuneration other than managerial personnel was 13.7%, which has been marginally higher than that for managerial personnel. The increase in managerial remuneration is in line with the measures to attract and retain the best talent. The Company also uses a mix of fixed, variable and ESOP based compensation on a mid-to-long term basis to align middle and senior management compensation to enhance shareholder values.

It is hereby affirmed that the remuneration paid for the financial year 2017-18 was as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board

Bengaluru  
April 26, 2018

Kiran Mazumdar-Shaw  
Chairperson & Managing Director  
DIN: 00347229

## Annexure 9 - Annual Report on Corporate Social Responsibility activities for the financial year 2017-18

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

Biocon believes in making a difference to the lives of millions of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure.

Your Company's CSR activities are implemented through:

- Biocon Foundation – Works towards the development and implementation of healthcare, education and infrastructure projects for the marginalized sections of society
- Biocon Academy- Aims to address the skill deficit in the biotechnology space
- External partners- Organisations with an established track record of three years in undertaking development programs or projects.

The CSR Vision of the Company is:

- To promote social and economic inclusion by ensuring that marginalized communities have equal access to healthcare services, educational opportunities, and proper civic infrastructure.
- To create a globally competitive Biotech ecosystem in India through skill development.
- To bridge the gender gap disparity in education, healthcare and employment.
- To create a platform for promoting the rich Art & Culture of the country and sensitizing the communities to appreciate fine arts.

Please refer [http://www.biocon.com/biocon\\_csr\\_about\\_policy.asp](http://www.biocon.com/biocon_csr_about_policy.asp) for more details related to the Company's CSR Policy.

### CSR Committee

The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives.

The Members of the CSR Committee are-

- Ms. Mary Harney, Chairperson
- Ms. Kiran Mazumdar-Shaw
- Dr. Vijay Kumar Kuchroo
- Prof. Ravi Mazumdar

### Financial details

The provisions pertaining to CSR as prescribed under Section 135 of the Companies Act, 2013 are applicable to the Company. A summary of the financial details of the Company are as follows -

Particulars	In ₹ Million
Average net profit before tax of the Company for last three financial years	4,411
Prescribed CSR expenditure (2% of the average net profit as computed above)	88
Details of CSR spent during the financial year 2017-18:	
Total amount to be spent for the financial year	88
Total amount spent	88
Amount unspent, if any	Nil

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

In ₹ Million

Sl. No.	CSR project / program name	Sector	Location of project/ program (District & State)	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct/ through external agency
<b>(i) Expenditure on Projects &amp; Programs</b>							
1	ARY Primary Healthcare Clinics	Healthcare and medical facilities	Karnataka - At nine Arogya Raksha Yojana Primary Healthcare Outpatient Clinics	5.97	5.97	5.97	Biocon Foundation
2	Cancer Screening Program	Healthcare and medical facilities	Various districts in Karnataka	1.41	1.41	1.41	Biocon Foundation
3	E-Health - Rajasthan & Karnataka	Healthcare and medical facilities	Rajasthan & Karnataka	9.16	9.16	9.16	Direct and Biocon Foundation
4	Drinking Water Structure & RO Plant	Clean drinking water and rain water harvesting	Karnataka	1.05	1.05	1.05	Biocon Foundation
5	Lake Rejuvenation Project	Rural development	Hebbagudi, Bengaluru, Karnataka	14.39	14.39	14.39	Biocon Foundation
6	Rural Development Project	Rural development	Karnataka	2.22	2.22	2.22	Biocon Foundation
7	Grant to NGO	Healthcare and Medical facilities	Karnataka, Telengana	10.20	10.20	10.20	Biocon Foundation
8	Biotechnology Training	Improving quality of education	Bengaluru, Karnataka	39.56	39.56	39.56	Biocon Academy
9	Gender Equality	Gender Equality	Bengaluru, Karnataka	0.79	0.79	0.79	Biocon Foundation
<b>(ii) Administrative Expenses</b>							
1	All projects	Office expenses	Bengaluru, Karnataka	3.46	3.46	3.46	Biocon Foundation
				88.21	88.21	88.21	

#### Responsibility Statement

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR Policy of the Company.

For and on behalf of the Board

Bengaluru  
April 26, 2018

Kiran Mazumdar-Shaw  
Chairperson & Managing Director  
DIN: 00347229

## Annexure 10 - Form MGT-9 - Extract of Annual Return as on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014- Form MGT-9]

### I. Registration and other details:

1	CIN	L24234KA1978PLC003417
2	Registration Date	November 29, 1978
3	Name of the Company	Biocon Limited
4	Category / Sub-Category of the Company	Category: Company Limited by Shares Sub Category : Indian Non-Government Company
5	Address of the Registered office and contact details	20th K.M. Hosur Road, Electronic City Bengaluru – 560 100 Contact: Tel +91 80 2808 2808 Email : co.secretary@biocon.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact: Tel +91 40 67161500; Email : einward.ris@karvy.com

### II. Principal Business activities of the Company:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of pharmaceuticals, medicinal chemical and botanical products	21	100.00%

### III. Particulars of Holding, Subsidiary and Associate companies

Sl. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary	% of shares held	Applicable Section
1	Syngene International Limited	L85110KA1993PLC014937	Subsidiary	73.54% *	2(87)
2	Biocon Research Limited	U73100KA2008PLC046583	Subsidiary	100%	2(87)
3	Biocon Pharma Limited	U24232KA2014PLC077036	Subsidiary	100%	2(87)
4	Biocon Biologics India Limited	U24119KA2016FLC093936	Subsidiary	100%	2(87)
5	Biocon Academy	U80301KA2013NPL072272	Subsidiary	100%	2(87)
6	Biocon SA	NA	Subsidiary	100%	2(87)
7	Biocon Sdn. Bhd.	NA	Subsidiary	100%	2(87)
8	Neo Biocon FZ LLC	NA	Joint Venture	49%	2(6)
9	Biocon Biologics Limited	NA	Subsidiary	100%	2(87)
10	Biocon Pharma Inc	NA	Subsidiary	100%	2(87)
11	Biocon FZ LLC	NA	Subsidiary	100%	2(87)
12	Syngene USA Inc.	NA	Subsidiary	100%	2(87)
13	Biocon Healthcare Sdn. Bhd.	NA	Subsidiary	100%	2(87)

\*including 0.93% held by Biocon Research Limited

#### IV. Shareholding Pattern (equity share capital breakup as percentage of total equity)

##### 1. Category-wise Shareholding

Category Code	Category Of Shareholder	No. of Shares held at the beginning of the year 31/03/2017				No. of Shares held at the end of the year 31/03/2018 *				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individual /HUF	79,766,766	-	79,766,766	39.88	238,625,298	-	238,625,298	39.77	(0.11)
(b)	Central Govt/State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1)</b>	<b>79,766,766</b>	<b>-</b>	<b>79,766,766</b>	<b>39.88</b>	<b>238,625,298</b>	<b>-</b>	<b>238,625,298</b>	<b>39.77</b>	<b>(0.11)</b>
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	2,058,986	-	2,058,986	1.03	6,776,958	-	6,776,958	1.13	0.10
(b)	Bodies Corporate	39,535,194	-	39,535,194	19.77	118,605,582	-	118,605,582	19.77	0.00
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2)</b>	<b>41,594,180</b>	<b>-</b>	<b>41,594,180</b>	<b>20.80</b>	<b>125,382,540</b>	<b>-</b>	<b>125,382,540</b>	<b>20.90</b>	<b>0.10</b>
	<b>Total A=A(1)+A(2)</b>	<b>121,360,946</b>	<b>-</b>	<b>121,360,946</b>	<b>60.68</b>	<b>364,007,838</b>	<b>-</b>	<b>364,007,838</b>	<b>60.67</b>	<b>(0.01)</b>
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds /UTI	4,296,869	-	4,296,869	2.15	14,355,154	-	14,355,154	2.39	0.24
(b)	Financial Institutions /Banks	2,429,062	-	2,429,062	1.21	7,126,830	-	7,126,830	1.19	(0.02)
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	35,427,957	-	35,427,957	17.71	101,922,325	-	101,922,325	16.99	(0.72)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(1)</b>	<b>42,153,888</b>	<b>-</b>	<b>42,153,888</b>	<b>21.08</b>	<b>123,404,309</b>	<b>-</b>	<b>123,404,309</b>	<b>20.57</b>	<b>(0.51)</b>
(2)	Non-Institutions									
(a)	Bodies Corporate	4,099,910	-	4,099,910	2.05	14,678,299	-	14,678,299	2.45	0.40
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	13,860,069	24,064	13,884,133	6.94	38,088,180	19,548	38,107,728	6.35	(0.59)
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	8,184,669	-	8,184,669	4.09	30,263,828	47,490	30,311,318	5.05	0.96
(c)	Others									
	Clearing Members	127,359	-	127,359	0.06	1,190,707	-	1,190,707	0.20	0.14
	Foreign Nationals	450,818	264,434	715,252	0.36	1,343,374	793,302	2,136,676	0.36	-
	Investors Education Protection Fund	-	-	-	-	35,324	-	35,324	0.01	0.01
	Non Resident Indians	1,296,201	172,394	1,468,595	0.73	2,025,731	517,182	2,542,913	0.42	(0.31)
	NRI Non-Repatriation	193,072	-	193,072	0.10	2,780,284	-	2,780,284	0.46	0.36
	Employees ESOP Trust	3,529,870	-	3,529,870	1.76	9,005,047	-	9,005,047	1.50	(0.26)
	Trusts	4,282,306	-	4,282,306	2.14	11,799,557	-	11,799,557	1.97	(0.17)
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(2)</b>	<b>36,024,274</b>	<b>460,892</b>	<b>36,485,166</b>	<b>18.24</b>	<b>111,210,331</b>	<b>1,377,522</b>	<b>112,587,853</b>	<b>18.76</b>	<b>0.52</b>
	<b>Total B=B(1)+B(2)</b>	<b>78,178,162</b>	<b>460,892</b>	<b>78,639,054</b>	<b>39.32</b>	<b>234,614,640</b>	<b>1,377,522</b>	<b>235,992,162</b>	<b>39.33</b>	<b>0.01</b>
	<b>Total (A+B)</b>	<b>199,539,108</b>	<b>460,892</b>	<b>200,000,000</b>	<b>100.00</b>	<b>598,622,478</b>	<b>1,377,522</b>	<b>600,000,000</b>	<b>100.00</b>	<b>-</b>
(C)	Shares held by custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C)</b>	<b>199,539,108</b>	<b>460,892</b>	<b>200,000,000</b>	<b>100.00</b>	<b>6,000,00,000</b>	<b>-</b>	<b>600,000,000</b>	<b>100.00</b>	<b>0.00</b>

\* Post bonus issue in June 2017

## 2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares *	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Kiran Mazumdar-Shaw	79,287,564	39.64	-	237,862,692	39.64	-	-
2	Glentec International Limited	39,535,194	19.77	-	118,605,582	19.77	-	-
3	John Shaw	1,407,558	0.70	-	4,222,674	0.70	-	-
4	Ravi Rasendra Mazumdar	565,014	0.28	-	2,295,042	0.38	-	0.10
5	Yamini R Mazumdar	479,202	0.24	0.03	762,606	0.13	-	(0.11)
6	Dev Mazumdar	86,414	0.04	-	259,242	0.04	-	-
	<b>Total</b>	<b>121,360,946</b>	<b>60.68</b>	<b>0.03</b>	<b>364,007,838</b>	<b>60.67</b>	<b>-</b>	<b>(0.01)</b>

\* Post bonus issue in June 2017.

## 3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares *	% of total shares of the Company
1.	<b>Kiran Mazumdar-Shaw</b>				
	At the beginning of the year	79,287,564	39.64	237,862,692	39.64
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	237,862,692	39.64
2.	<b>Glentec International Limited</b>				
	At the beginning of the year	39,535,194	19.77	118,605,582	19.77
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	118,605,582	19.77
3.	<b>John Shaw</b>				
	At the beginning of the year	1,407,558	0.70	4,222,674	0.70
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	4,222,674	0.70
4.	<b>Ravi Rasendra Mazumdar</b>				
	At the beginning of the year	565,014	0.28	1,695,042	0.28
	Increase /Decrease in shareholding during the year	600,000	-	2,295,042	0.10
	At the end of the year	-	-	2,295,042	0.38
5.	<b>Yamini R Mazumdar</b>				
	At the beginning of the year	479,202	0.24	1,437,606	0.24
	Increase /Decrease in shareholding during the year	(675,000)	-	762,606	(0.11)
	At the end of the year	-	-	762,606	0.13
6.	<b>Dev Mazumdar</b>				
	At the beginning of the year	86,414	0.04	259,242	0.04
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	259,242	0.04

\* Post bonus issue in June 2017.

#### 4. Shareholding pattern of top ten shareholding (other than Director, Promoter and holding of GDRs and ADRs)

##### (i) OPPENHEIMER DEVELOPING MARKETS FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
At the beginning of the year 01/04/2017		4,382,761	2.19		4,382,761	2.19
09/06/2017	Increase/Bought			599,461	4,982,222	2.49
16/06/2017	Increase/Bought			182,566	5,164,788	2.58
23/06/2017	Increase/Bought			10,329,576	15,494,364	2.58
08/12/2017	Increase/Bought			5,590,452	21,084,816	3.51
15/12/2017	Increase/Bought			16,660	21,101,476	3.52
22/12/2017	Increase/Bought			149,636	21,251,112	3.54
29/12/2017	Increase/Bought			990,142	22,241,254	3.71
05/01/2018	Increase/Bought			1,150,603	23,391,857	3.90
12/01/2018	Increase/Bought			19,310	23,411,167	3.90
19/01/2018	Increase/Bought			469,309	23,880,476	3.98
26/01/2018	Increase/Bought			122,615	24,003,091	4.00
02/03/2018	Increase/Bought			1,817,739	25,820,830	4.30
09/03/2018	Increase/Bought			43,626	25,864,456	4.31
At the End of the Year 31/03/2018					25,864,456	4.31

##### (ii) AHAN- I LTD

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
At the beginning of the year 01/04/2017		-	-		-	-
18/08/2017	Increase/Bought			256,504	256,504	0.04
25/08/2017	Increase/Bought			897,542	1,154,046	0.19
01/09/2017	Increase/Bought			823,000	1,977,046	0.33
08/09/2017	Increase/Bought			277,300	2,254,346	0.38
22/09/2017	Increase/Bought			588,440	2,842,786	0.47
29/09/2017	Increase/Bought			150,360	2,993,146	0.50
06/10/2017	Increase/Bought			141,741	3,134,887	0.52
13/10/2017	Increase/Bought			364,000	3,498,887	0.58
20/10/2017	Increase/Bought			87,000	3,585,887	0.60
27/10/2017	Increase/Bought			180,000	3,765,887	0.63
At the End of the Year 31/03/2018					3,765,887	0.63

##### (iii) TEMPLETON DEVELOPING MARKETS TRUST

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		1,302,421	0.65		1,302,421	0.65
23/06/2017	Increase/Bought			2,604,842	3,907,263	0.65
11/08/2017	Decrease/Sold			(538,825)	3,368,438	0.56
18/08/2017	Decrease/Sold			(14,292)	3,354,146	0.56
03/11/2017	Decrease/Sold			(253,300)	3,100,846	0.52
10/11/2017	Decrease/Sold			(7,19,660)	23,81,186	0.40

## (iv) FRANKLIN TEMPLETON INVESTMENT FUNDS

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		3,420,709	1.71		3,420,709	1.71
23/06/2017	Increase/Bought			6,841,418	10,262,127	1.71
11/08/2017	Decrease/Sold			(1,490,989)	8,771,138	1.46
18/08/2017	Decrease/Sold			(23,635)	8,747,503	1.46
06/10/2017	Increase/Bought			50,297	8,797,800	1.47
13/10/2017	Decrease/Sold			(18,059)	8,779,741	1.46
03/11/2017	Decrease/Sold			(227,977)	8,551,764	1.43
10/11/2017	Decrease/Sold			(643,093)	7,908,671	1.32
08/12/2017	Decrease/Sold			(504,765)	7,403,906	1.23
15/12/2017	Decrease/Sold			(307,017)	7,096,889	1.18
22/12/2017	Decrease/Sold			(359,220)	6,737,669	1.12
19/01/2018	Decrease/Sold			(65,296)	6,672,373	1.11
At the End of the Year 31/03/2018					6,672,373	1.11

## (v) RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCEARBIT

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		3,31,800	0.17		331,800	0.17
21/04/2017	Increase/Bought			17,400	349,200	0.17
28/04/2017	Decrease/Sold			(23,400)	325,800	0.16
12/05/2017	Increase/Bought			66,000	391,800	0.20
02/06/2017	Decrease/Sold			(16,200)	375,600	0.19
09/06/2017	Decrease/Sold			(175,200)	200,400	0.10
16/06/2017	Decrease/Sold			(200,400)	-	0.00
11/08/2017	Increase/Bought			91,800	91,800	0.02
18/08/2017	Increase/Bought			230,000	321,800	0.05
18/08/2017	Decrease/Sold			(91,800)	230,000	0.04
08/09/2017	Increase/Bought			270,000	500,000	0.08
06/10/2017	Increase/Bought			9,000	509,000	0.08
13/10/2017	Increase/Bought			470,000	979,000	0.16
13/10/2017	Decrease/Sold			(9,000)	970,000	0.16
20/10/2017	Increase/Bought			120,000	1,090,000	0.18
27/10/2017	Increase/Bought			171,726	1,261,726	0.21
31/10/2017	Increase/Bought			1,616,600	2,878,326	0.48
03/11/2017	Increase/Bought			685,700	3,564,026	0.59
10/11/2017	Increase/Bought			498,300	4,062,326	0.68
17/11/2017	Increase/Bought			374,400	4,436,726	0.74
24/11/2017	Decrease/Sold			(739,800)	3,696,926	0.62
01/12/2017	Increase/Bought			666,000	4,362,926	0.73
08/12/2017	Increase/Bought			44,973	4,407,899	0.73
08/12/2017	Decrease/Sold			(1,973,600)	2,434,299	0.41
15/12/2017	Increase/Bought			201,627	2,635,926	0.44
22/12/2017	Increase/Bought			714,600	3,350,526	0.56
29/12/2017	Increase/Bought			883,800	4,234,326	0.71
29/12/2017	Decrease/Sold			(484,200)	3,750,126	0.63
05/01/2018	Increase/Bought			396,000	4,146,126	0.69
19/01/2018	Decrease/Sold			(133,200)	4,012,926	0.67
26/01/2018	Decrease/Sold			(181,800)	3,831,126	0.64



	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
02/02/2018	Increase/Bought			271,800	4,102,926	0.68
02/02/2018	Decrease/Sold			(492,000)	3,610,926	0.60
09/02/2018	Decrease/Sold			(18,000)	3,592,926	0.60
16/02/2018	Decrease/Sold			(19,800)	3,573,126	0.60
23/02/2018	Decrease/Sold			(52,200)	3,520,926	0.59
16/03/2018	Increase/Bought			284,400	3,805,326	0.63
16/03/2018	Decrease/Sold			(5,97,037)	3,208,289	0.53
23/03/2018	Increase/Bought			21,600	3,229,889	0.54
At the End of the Year 31/03/2018					3,229,889	0.54

(vi) SOCIETE GENERALE

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		1,700	-		1,700	-
26/05/2017	Increase/Bought			133,200	134,900	0.07
02/06/2017	Increase/Bought			58,200	193,100	0.10
09/06/2017	Decrease/Sold			(139,800)	53,300	0.03
16/06/2017	Decrease/Sold			(53,300)	-	-
21/07/2017	Increase/Bought			12,600	12,600	-
04/08/2017	Increase/Bought			45,000	57,600	0.01
11/08/2017	Increase/Bought			19,800	77,400	0.01
18/08/2017	Decrease/Sold			(14,400)	63,000	0.01
01/09/2017	Decrease/Sold			(9,000)	54,000	0.01
08/09/2017	Increase/Bought			7,200	61,200	0.01
22/09/2017	Decrease/Sold			(16,200)	45,000	0.01
29/09/2017	Decrease/Sold			(39,600)	5,400	-
13/10/2017	Decrease/Sold			(5,400)	-	-
17/11/2017	Increase/Bought			858,356	858,356	0.14
24/11/2017	Increase/Bought			746,590	1,604,946	0.27
01/12/2017	Increase/Bought			274,883	1,879,829	0.31
08/12/2017	Increase/Bought			1,011,425	2,891,254	0.48
15/12/2017	Increase/Bought			114,833	3,006,087	0.50
29/12/2017	Decrease/Sold			(11,508)	2,994,579	0.50
05/01/2018	Increase/Bought			12,917	3,007,496	0.50
12/01/2018	Decrease/Sold			(23,283)	2,984,213	0.50
19/01/2018	Decrease/Sold			(1,796)	2,982,417	0.50
26/01/2018	Decrease/Sold			(1,366)	2,981,051	0.50
02/02/2018	Increase/Bought			314	2,981,365	0.50
09/02/2018	Increase/Bought			127,814	3,109,179	0.52
09/03/2018	Decrease/Sold			(729)	3,108,450	0.52
30/03/2018	Increase/Bought			13,101	3,121,551	0.52
At the End of the Year 31/03/2018					3,121,551	0.52

## (vii) NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		1,770,387	0.89		1,770,387	0.89
05/05/2017	Increase/Bought			170,000	1,940,387	0.97
19/05/2017	Increase/Bought			400,000	2,340,387	1.17
02/06/2017	Increase/Bought			253,323	2,593,710	1.30
23/06/2017	Increase/Bought			5,187,420	7,781,130	1.30
30/06/2017	Increase/Bought			471,548	8,252,678	1.38
22/09/2017	Increase/Bought			128,455	8,381,133	1.40
26/01/2018	Decrease/Sold			(1,099,614)	7,281,519	1.21
09/02/2018	Increase/Bought			65,372	7,346,891	1.22
23/02/2018	Decrease/Sold			(518,671)	6,828,220	1.14
At the End of the Year 31/03/2018					6,828,220	1.14

## (viii) LIC OF INDIA HEALTH PROTECTION PLUS FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		1,736,740	0.87		1,736,740	0.87
23/06/2017	Increase/Bought			3,473,480	5,210,220	0.87
At the End of the Year 31/03/2018					5,210,220	0.87

## (ix) ICICI PRUDENTIAL EQUITY ARBITRAGE FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		1,520,978	0.76		1,520,978	0.76
07/04/2017	Increase/Bought			42,000	1,562,978	0.78
07/04/2017	Decrease/Sold			(85,997)	1,476,981	0.74
14/04/2017	Increase/Bought			106,200	1,583,181	0.79
14/04/2017	Decrease/Sold			(156,094)	1,427,087	0.71
28/04/2017	Increase/Bought			1,800	1,428,887	0.71
28/04/2017	Decrease/Sold			(95,234)	1,333,653	0.67
02/06/2017	Increase/Bought			191,203	1,524,856	0.76
09/06/2017	Increase/Bought			88,508	1,613,364	0.81
09/06/2017	Decrease/Sold			(174,600)	1,438,764	0.72
16/06/2017	Increase/Bought			367,561	1,806,325	0.90
16/06/2017	Decrease/Sold			(94,800)	1,711,525	0.86
23/06/2017	Increase/Bought			3,913,810	5,625,335	0.94
30/06/2017	Increase/Bought			109,713	5,735,048	0.96
08/12/2017	Decrease/Sold			(1,266,807)	4,468,241	0.74
22/12/2017	Decrease/Sold			(647,211)	3,821,030	0.64
29/12/2017	Decrease/Sold			(77,204)	3,743,826	0.62
At the End of the Year 31/03/2018					3,743,826	0.62

## (x) CREDIT SUISSE (SINGAPORE) LIMITED

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2017		Increase/ Decrease in share holding	Cumulative Shareholding during the Year 31/03/2018	
		No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year 01/04/2017		1,485,692	0.74		1,485,692	0.74
07/04/2017	Decrease/Sold			(17,557)	1,468,135	0.73
14/04/2017	Decrease/Sold			(33,072)	1,435,063	0.72
21/04/2017	Decrease/Sold			(3,630)	1,431,433	0.72
28/04/2017	Decrease/Sold			(3,167)	1,428,266	0.71
05/05/2017	Decrease/Sold			(108,499)	1,319,767	0.66
12/05/2017	Decrease/Sold			(272,785)	1,046,982	0.52
19/05/2017	Decrease/Sold			(221,227)	825,755	0.41
26/05/2017	Decrease/Sold			(297,767)	527,988	0.26
02/06/2017	Decrease/Sold			(200,013)	327,975	0.16
09/06/2017	Decrease/Sold			(100,263)	227,712	0.11
16/06/2017	Decrease/Sold			(53,052)	174,660	0.09
23/06/2017	Increase/Bought			197,798	372,458	0.06
21/07/2017	Decrease/Sold			(61,200)	311,258	0.05
03/11/2017	Decrease/Sold			(122,066)	189,192	0.03
10/11/2017	Decrease/Sold			(47,244)	141,948	0.02
17/11/2017	Decrease/Sold			(133,734)	8,214	0.00
22/12/2017	Decrease/Sold			(82,14)	0	0.00
09/03/2018	Increase/Bought			41,877	41,877	0.01
16/03/2018	Increase/Bought			53,105	94,982	0.02
23/03/2018	Decrease/Sold			(22,454)	72,528	0.01
At the End of the Year 31/03/2018					72,528	0.01

## 5. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares *	% of total share of the Company
1	<b>Kiran Mazumdar-Shaw</b>				
	At the beginning of the year	79,287,564	39.64	23,7862,692	39.64
	Increase/Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	237,862,692	39.64
2	<b>John Shaw **</b>				
	At the beginning of the year	1,407,558	0.70	4,222,674	0.70
	Increase/Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	4,222,674	0.70
3	<b>Arun Suresh Chandavarkar</b>				
	At the beginning of the year	2,200,000	1.10	6,600,000	1.10
	Increase/Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	6,600,000	1.10
4	<b>Ravi Rasendra Mazumdar</b>				
	At the beginning of the year	565,014	0.28	1,695,042	0.28
	Increase/Decrease in shareholding during the year	600,000	-	2,295,042	0.10
	At the End of the year	-	-	2,295,042	0.38
5	<b>Siddharth Mittal</b>				
	At the beginning of the year	7,750	-	23,250	-
	Increase/Decrease in shareholding during the year	35,250	0.01	58,500	0.01
	At the End of the year	-	-	58,500	0.01
6	<b>Rajiv Balakrishnan ***</b>				
	At the beginning of the year	-	-	-	-
	Increase/Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	-	-

\* Post bonus issue in June 2017.

\*\* Mr. John Shaw was relieved from the position of Whole-Time Director of the Company effective June 30, 2017 and continues to be a Non-Executive Director of the Company.

\*\*\* Mr. Rajiv Balakrishnan ceased to hold office as Company Secretary and Compliance Officer effective March 2, 2018.

**V. Indebtedness**

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

In ₹ Million

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,296	39	-	1,335
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,296</b>	<b>39</b>	<b>-</b>	<b>1,335</b>
Change in Indebtedness during the financial year				
- Addition	6	643	-	649
- Reduction	-	(654)	-	(654)
<b>Net Change</b>	<b>6</b>	<b>(11)</b>	<b>-</b>	<b>(5)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	1,302	28	-	1,330
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,302</b>	<b>28</b>	<b>-</b>	<b>1,330</b>

**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole-Time Director and/or Manager**

In ₹ Million

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1.	Gross salary	Kiran Mazumdar-Shaw (CMD)	John Shaw (WTD)**	Arun S Chandavarkar (CEO & Jt. MD)	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	22.63	6.39	37.57	66.59
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.03	-	0.03	0.06
	(c) Profits in lieu of salary under Section 17(3) of the Income- tax Act, 1961	-	-	-	-
2.	Stock Option *	-	-	8.08	8.08
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify				
	Others, please specify				
	<b>Total (A)</b>	<b>22.66</b>	<b>6.39</b>	<b>45.68</b>	<b>74.73</b>
	Ceiling as per the Act				441.12

\*The amount indicates perquisite value of stock options exercised during the year.

\*\* Mr. John Shaw was relieved from the position of Whole-Time Director of the Company effective June 30, 2017 and continues to be a Non-Executive Director of the Company.

B. Remuneration to other Directors:

In ₹ Million

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Russell walls	Daniel M Bradbury	Jeremy M Levin	Mary Harney	Vijay K Kuchroo	M. Damodaran	
<b>1.</b>	<b>Independent Directors</b>							
	-Fee for attending Board/ Committee meetings	0.50	0.50	0.30	0.50	0.20	0.40	2.40
	-Commission	3.92	2.96	2.32	3.15	1.34	2.06	15.75
	-Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>4.42</b>	<b>3.46</b>	<b>2.62</b>	<b>3.65</b>	<b>1.54</b>	<b>2.46</b>	<b>18.15</b>
	<b>Other Non-Executive Directors</b>	Ravi Mazumdar						
	-Fee for attending Board/ Committee meetings	0.40						0.40
	-Commission	-						-
	-Others, please specify	-						-
	<b>Total (2)</b>	<b>0.40</b>						<b>0.40</b>
	<b>Total (B)=(1)+(2)</b>							<b>18.55</b>
	<b>Total Managerial Remuneration (A)+(B)</b>							<b>93.28</b>
	Ceiling as per the Act							44.11

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ Whole-Time Director

In ₹ Million

Sl. No.	Particulars	Key Managerial Personnel		
		CFO	CS	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	21.65	3.90	25.55
	(b) Value of perquisites under Section 17(2) of the Income Tax Act,1961	0.03	-	0.03
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option *	13.85	-	13.85
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify*	-	-	-
	<b>Total</b>	<b>35.53</b>	<b>3.90</b>	<b>39.43</b>

\*The amount indicates perquisite value of stock options exercised during the year

Note:

- Remuneration of CEO is not included above, since he is Joint Managing Director and details are already included in Section (A) above
- Mr. Rajiv Balakrishnan ceased to hold office as Company Secretary and Compliance Officer effective March 2, 2018 and hence his remuneration is disclosed only for the period of holding the office.

7. Penalties/ Punishment/ Compounding of Offences:

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2018.

For and on behalf of the Board

Bengaluru  
April 26, 2018

Kiran Mazumdar-Shaw  
Chairperson & Managing Director  
DIN: 00347229

## Management Discussion and Analysis

The International Monetary Fund's (IMF) World Economic Outlook (October 2017, update January 2018) indicates the strengthening of global economic activity on account of broad based growth across markets with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upwards, reflecting increased global growth momentum. However, this recovery could be vulnerable to political and economic uncertainties.

**The biopharmaceutical industry therefore continues to remain an attractive business and is expected to enjoy long term growth.** In the above macroeconomic backdrop, the demand for healthcare continues to increase with the global population growing and ageing. Patients around the world, empowered by access to new information about new treatments are demanding better care, especially in emerging markets. There continues to be a significant global unmet need especially in the area of non-communicable diseases (NCDs) like cancer, cardiovascular, metabolic as well as respiratory diseases, which have a disproportionate impact in low and middle income countries.

**The healthcare industry is entering a period of significant change bringing opportunities and challenges.** The bar for innovation continues to rise as innovation must have demonstrable benefit to the healthcare system. Payers will continue to put scrutiny on prices and reimbursement, and will demand demonstration of real life outcomes, coupled with more innovative pricing and contracting practices. Pharma companies are now expending significant resources to demonstrate the economic as well as therapeutic value of their medicines. This is in line with the shift in the industry focus towards specialty drugs, demand for which have steadily increased over the past years.

**It is an exciting time from a science perspective.** Technology is revolutionizing healthcare where advances in science and technology are causing disruption. Government policy and regulation is being introduced to stimulate innovation and expand patient access to transformative medicine. Promise of genomics is being realized while precision medicine and digital healthcare are helping transform healthcare delivery. Immuno-oncology is transforming cancer treatments, greater emphasis on comparative efficacy is being sought by regulators, and proof of concept is increasingly being used to improve R&D productivity.

**The biologics market is growing rapidly** with increased efforts in the past few years towards more personalized/ targeted treatments emerging. It is no surprise that the top drugs by sales are now biologics that come with a higher price tag for patients and healthcare systems. Approval growth rates for new biologics entities (NBEs) have outpaced new small molecule approvals in the last few years.

**Table 1: Biologics comprised 11 of Top 15 Drugs by Revenue in 2017**

S. No.	Drug	Sponsor	Biologic (Y/N)	Sales 2017 (USD bn)
1	Humira® (adalimumab)	AbbVie	Y	18.4
2	Rituxan®, MabThera (rituximab)	Roche (Genentech) and Biogen	Y	9.2
3	Revlimid® (lenalidomide)	Celgene	N	8.2
4	Enbrel® (etanercept)	Amgen and Pfizer	Y	7.9
5	Herceptin® (trastuzumab)	Roche (Genentech)	Y	7.4
6	Eliquis® (apixaban)	Bristol-Myers Squibb and Pfizer	N	7.4
7	Remicade® (infliximab)	Johnson & Johnson and Merck & Co.	Y	7.2
8	Avastin® (bevacizumab)	Roche (Genentech)	Y	7.1
9	Xarelto® (rivaroxaban)	Bayer and Johnson & Johnson	N	6.6
10	Eylea® (aflibercept)	Bayer and Regeneron Pharmaceuticals	Y	6.0
11	Lantus® (insulin glargine)	Sanofi	Y	5.7
12	Prevnar 13® (Pneumococcal 13-valent Conjugate Vaccine)	Pfizer	Y	5.6
13	Lyrica® (pregabalin)	Pfizer	N	5.1
14	Opdivo® (nivolumab)	Bristol-Myers Squibb	Y	4.9
15	Neulasta® / Peglasta® (pegfilgrastim)	Amgen and Kyowa Hakko Kirin	Y	4.7

Source: <https://www.genengnews.com/the-lists/the-top-15-best-selling-drugs-of-2017/77901068>, published March 12, 2018

**In recent years, concerns about escalating medicine costs have captured significant attention.** Cost containment reforms and shifting market dynamics are further constraining healthcare providers while difficult economic conditions burden patients who have out of pocket expenses relating to their medicines. Therefore medicine spending growth appears to be slowing rather than driving upward, especially in the developed markets. The causes of slowing growth are directly linked to payers' concerns about budgets and to newly emerging mechanisms to adjudicate value and thus limit the potential for out-of-control spending growth. While growth of the industry in the developed world have slowed down, emerging markets continue to demonstrate strong growth.

The biopharmaceutical industry is trying to maximising social impact, ensuring the availability and reliability of high quality products to as many people as possible. While companies are developing products that advance the standard of care of disease with significant unmet needs, they are also focusing on increasing affordable access thereby helping meet obligations to all stakeholders including society as a whole.

**Biosimilars development has accelerated** as biologic therapies, the industry's biggest growth driver of late, lack affordability and access to large sections of the global population, especially in emerging markets. This is providing tailwinds for biosimilar development. The emergence of biosimilars has shown to have had a sizable impact in lowering biopharmaceutical costs in Europe, and it is anticipated that such savings will be realized both in the U.S. and elsewhere globally. This reduction in costs will increase overall product affordability and availability to patients.

Over the past two years, nine biosimilars (Table 2) have been approved by the FDA, including three for the anti-inflammatory drug infliximab, two for adalimumab and one each for filgrastim, etanercept, trastuzumab and bevacizumab. The range of healthcare savings in the US from biosimilars is projected to range from USD 24 bn up to USD 150 bn between 2018 and 2027.

**Table 2: Biosimilars approved by FDA<sup>^</sup>**

S. No.	Drug Name	Active Ingredients	Approval Date
1	Zarxio	Filgrastim-sndz	March 2015
2	Inflectra	Infliximab-dyyb	April 2016
3	Erelzi	Etanercept-szsz	August 2016
4	Amjevita	Adalimumab-atto	September 2016
5	Renflexis	Infliximab-abda	May 2017
6	Cyltezo	Adalimumab-adbm	August 2017
7	Mvasi	Bevacizumab-awwb	September 2017
8	Ogivri	trastuzumab-dkst	December 2017
9	Ixifi	infliximab-qbtx	December 2017

<sup>^</sup>Till March 2018

**R&D outsourcing continues to increase** with Contract Research Organizations (CROs) providing support to the pharmaceutical, biotechnology and related industries through outsourced research and development services that span drug discovery, preclinical research, clinical research, clinical trial management, commercialization, and pharmacovigilance. They help companies in these sectors to address today's complex drug development challenges. Companies are increasingly engaging CROs to provide data-driven insights and help them overcoming today's changing drug development landscape. The global CRO market value is expected to exceed USD 32 bn in 2017 and reach USD 45 bn by 2022 (Grandview Research Report) and expected to benefit integrated CROs (like our subsidiary Syngene) that are emerging as one-stop shops providing services from drug discovery, development all the way to commercialisation to their clients.

**Biocon strategic response to the current global scenario**

Our vision is to enhance global healthcare through innovative and affordable biopharmaceuticals for patients, partners and healthcare systems across the globe.

As an integrated, innovation-led biopharmaceutical company, we leverage the strength of our science and technology platforms and world-class GMP compliant global scale manufacturing capabilities to develop complex small molecule APIs, generic formulations, biosimilars as well as novel biologics for diabetes, cancer, autoimmune and other medical conditions, and offer these at price points that make them affordable and thus accessible to patients globally. We also provide a one-stop service platform to global pharmaceutical and biotechnology companies through various service offerings to increase R&D productivity and reduce time to market, thereby helping them navigate the complex drug development landscape.

Our business segments and choices therein involve a speciality play underpinned on complexity of development and vertical integration that we believe give us differentiation and provide a competitive advantage.

**COMPANY REVIEW**

The Company's business is organized into the following reporting segments:

- a) Small Molecules API & Generic Formulations
- b) Biologics - Biosimilars (Insulins, MABs & other Biologics) & Novel Biologics
- c) Branded Formulations (currently India & UAE)
- d) Research Services (Syngene)

**Business Review**

**Small Molecules API and Generic Formulations**

We have built an enduring edge in this segment by leveraging our strengths in manufacturing products that have a high degree of complexity in most cases and using fermentation as the preferred route. Our portfolio comprises active pharmaceutical ingredients (API) as well generic formulations. The API portfolio consists of various statins, immunosuppressants, and other products that are sold to third party customers who in turn formulate and sell the finished dosages in global markets including the United States, Europe and large emerging markets. Our large scale, world-class manufacturing and research capabilities and a proven track record of cGMP compliance have resulted in multi-year associations with our clients. We were among the early movers in developing a portfolio of fermentation-derived statins, which gave us a leadership position in many of the molecules we manufacture. Over the years, we have built capability to develop complex immunosuppressants and other speciality molecules, which has made us a preferred partner for multiple global pharma companies. We have consistently met diverse regulatory requirements of various markets in order to enable our partners to introduce formulations of our APIs.

The Company continues to work on developing newer APIs - both fermentation and chemical synthesis based which may have technical barriers for entry, e.g. complexity in manufacturing, potent compounds or a mix of both. Over the past few years, we have been investing in diversifying this business by getting into generic finished dosages. We have leveraged our strengths in fermentation technology and product characterization to become a vertically integrated player in the niche space of difficult-to-make generic formulations.

As part of our generic formulations foray, we launched Rosuvastatin Calcium formulation in the US and select European markets in FY18. More launches are scheduled in the next 2-3 years, which cumulatively should provide a decent growth opportunity to this segment. We also have commissioned our oral solid dosage facility and are working towards getting necessary regulatory approvals.

We have been judicious in selecting our portfolio of generic formulations for development which is reflective of market pricing dynamics faced by the industry in the US market; we continue to pursue select opportunities which meet our internal selection bar for complexity in manufacturing or development and vertical integration.

**Table 3: API Sample Portfolio –**

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

**Table 4: Generic Formulations Sample Portfolio –**

Molecule	Status
Rosuvastatin Calcium	Launched – US & EU
Fingolimod	Tentative Approval (US)
Simvastatin	Acquired dossier

**Performance of Small Molecules segment in FY18** - Small molecules is the largest segment for our Company contributing 35% of consolidated revenues from operations in FY18 as compared to 40% in FY17. Revenues for FY18 were ₹ 15,007 mn, as compared to ₹ 16,330 mn in FY17. This segment faced headwinds as a result of pricing pressure and channel consolidation faced by our clients in the US, impacting statin sales. Continued demand for immunosuppressants helped offset some of the pressure on this segment. We anticipate this trend continue in the near future.

Despite the pressures, we were able to increase market share for some of our specialty APIs in key markets. Also, our API customers in key developed markets received regulatory approvals while we made regulatory submissions for a few in key emerging markets, which augur well for the future.

During the year, Biocon's API manufacturing facility in Vishakhapatnam, Andhra Pradesh successfully completed a US FDA audit without any observations. The successful audit of this facility reflects our strong commitment to cGMP compliance at our manufacturing facilities.

#### Biologics (Biosimilars & Novel Biologics)

Our edge as one of the earliest players in the realm of biologics in India has enabled us to create a rich pipeline of novel and biosimilar assets aimed at addressing local as well as global unmet medical needs associated with non-communicable diseases. We have a pipeline of disclosed and undisclosed biosimilar molecules that includes human insulin/insulin analogues, monoclonal antibodies and other biologics apart from a pipeline of novel biologic products. The therapeutic focus has been in developing molecules in the area of diabetes, oncology, and immunology. We have partnered our biosimilar portfolio with global generic majors - Mylan and Sandoz to develop a portfolio for global markets. The Novel Molecules portfolio has both in-house as well as partnered and in-licensed products also targeting the same therapeutic area as biosimilars.

#### Biosimilars

Biocon has one of the largest global biosimilars portfolios, spanning human insulin/insulin analogues, monoclonal antibodies and other biologics which involve multiple commercial scale manufacturing platforms with capacities to support a global play.

Biocon has endured early challenges to be in an advantageous early mover position today. There was early identification by the Company that biosimilars or follow-on biologics as they were referred at that time, would be the next big opportunity for us. The Company started work in this area without full information on regulatory requirements and approval pathways. Along with our partners, we have invested several hundred million dollars in research and development to develop our portfolio assets, and in creating commercial scale manufacturing capacities to address global volume requirements across multiple manufacturing platforms.

Given the high risks in development of a biosimilar, we believe it was prudent to share risks by partnering when we first started global development with Mylan. As costs and risks of development of biosimilars continue to remain high, we have continued to follow the collaboration model in the recently announced global partnership with Sandoz. Sandoz, a division of Novartis, is a global leader in biosimilars with extensive experience in developing and commercialising biosimilars globally. At the same time, we continues to work independent of these partnerships towards augmenting our portfolio with more biosimilar candidates under development.

Sticking to our path of conviction has paid off well with Biocon at an advantageous early mover position as the global markets have begun to accept biosimilars and the role they are expected to play in increasing access to high quality and yet affordable products and improve quality of life for patients around the world. This is expected to help reduce financial burden on healthcare systems globally, allowing them to afford and hence expand access of new advanced treatments to their patient populations, in line with the philosophy of our Company.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)



The table below summarizes the status of our global biosimilar portfolio:

**Table 5: Status of Biocon's Global Biosimilar Portfolio**

Partner	Therapeutic Area	Molecule	Status
Mylan	Oncology	Trastuzumab	Approved in the US. Under review in EU, Canada, and Australia. Launched in emerging markets
	Diabetes	Insulin Glargine 100 IU/ml	Approved in EU & Australia. Under review in US and Canada. Launched in Japan* through partner FUJIFILM Pharma and in emerging markets
	Oncology	Pegfilgrastim	Under review in US, EU, Canada, Australia
	Diabetes	Insulin Aspart	Global Phase I study completed
	Diabetes	Insulin Lispro	Preclinical
	Autoimmune	Adalimumab	Global Phase III completed
	Oncology	Bevacizumab	Global Phase III ongoing. Launched in India
	Oncology	Filgrastim	Preclinical
	Autoimmune	Etanercept	Preclinical
Lab Pisa	Diabetes	Recombinant Human Insulin	Preclinical
Sandoz	Oncology & Immunology	Various	Early Stage / Preclinical

\* Japan launch is outside of Mylan partnership

FY18 has been an eventful year for the Company. The major highlight of the fiscal was the US Food and Drug Administration's (FDA) approval in December'17 for Ogivri™, a biosimilar Trastuzumab co-developed by Biocon and Mylan. It is the first biosimilar Trastuzumab and the first biosimilar from Mylan and Biocon's joint portfolio to be approved in the US. It has earned Biocon the distinction of being the first company from India to secure a biosimilar approval in the US. Ogivri™ was approved for all indications included in the label of the reference product, including for the treatment of HER2-overexpressing breast cancer and metastatic stomach cancer.

This was followed by the European Commission and TGA, Australia approving our biosimilar Insulin Glargine in March'18. Our partner Mylan plans to launch insulin glargine in Australia later in CY18 and across various markets in Europe in the second half of CY18. We also filed our generic glargine application with the USFDA in September'17. The file is under active review.

In emerging markets, we received approval for biosimilar Trastuzumab in Brazil, through our partner Libbs Farmaceutica. This was the first biosimilar Trastuzumab to be approved in Brazil, which is among the top three emerging markets globally for the key breast cancer drug. Our recombinant human insulin was also approved by Brazil's ANVISA under the biosimilar pathway, enabling participation in future government contracts. Additionally, Biocon received regulatory approvals for its biosimilar Insulin Glargine in the key emerging markets of Russia and South Korea. Russia is amongst the top three emerging markets for Glargine.

We launched our biosimilar Bevacizumab in India after receiving approval from the Indian drug regulator.

Clearly, FY18 was a landmark year in terms of regulatory achievement for the biosimilars business. These approvals are a key validation of our development, regulatory and manufacturing capabilities in the complex area of biosimilars, which require stringent quality controls and advanced scientific capabilities.

While we enjoyed successes as described above, we encountered some temporary setbacks as well.

We had to withdraw and re-file our biosimilar Trastuzumab and Pegfilgrastim dossiers in the EU which pushed back approvals by a few quarters. Even though this event is not expected to have a major impact in terms of expected revenue generation in the EU, it clearly was an unexpected event triggered due to observations received by the Company on its sterile injectable fill-finish facility. The FDA also gave us the Complete Response Letter (CRL) for our biosimilar Pegfilgrastim application for a similar reason. There were no specific scientific issues related to our biosimilar applications called out by EMA or FDA, which clearly was the big positive coming out of these regulatory actions.

To address the issues related to the facility, the Company took a shutdown to carry out facility modifications along with addressing other observations given by both the regulators as part of the Corrective Actions and Preventive Actions (CAPAs) schemes submitted to the respective regulator. We then re-qualified the facility to resume normal operations in Q3 FY18. Subsequently, Trastuzumab and Pegfilgrastim dossiers were refiled and are under review in the EU, and response to Pegfilgrastim CRL issued by the FDA was submitted. The facility shut-down did however impact the financial performance for this segment given lost sales during the shutdown and re-qualification period in India and emerging markets.

Our Insulins manufacturing facilities in Bengaluru and Malaysia, underwent key audits that would enable regulatory approvals in few emerging markets, going forward. The Malaysia facility received GMP approvals for Drug Substance and Drug Product from both the EMA and ANVISA. The Malaysia facility was inspected by FDA, post which we received a few observations. The Company submitted the response to the observations in a timely manner. Our Bengaluru site received GMP Certification for Insulin Glargine Drug Substance and Drug Product from NPRA, Malaysia and MFDS, South Korea.

On the clinical development front, we completed the global Phase I clinical study for our biosimilar Insulin Aspart program. A global Phase III trial for biosimilar Bevacizumab is progressing well in various sites in the EU and India as first line treatment for patients with stage-IV non-squamous small cell lung cancer.

#### Novel Molecules

Biocon's novel biologics portfolio is comprised of therapeutics that aims at treating diabetes, oncology and auto-immune/inflammatory diseases. These therapeutics span across a broad range of platforms including recombinant proteins, monoclonal antibodies (mAbs); novel fusion mAbs; and small interfering RNA (siRNA).

Table 6: Lead Novel R&amp;D Assets

Disease Area	Asset	Status
Diabetes	Insulin Tregopil* First-in-Class Oral, Prandial Insulin	India Phase II/III in T2D commenced
Inflammation	Itolizumab* Novel, humanized CD6 Antibody	IND ready
	BVX20# Novel, humanized CD20 Antibody	Path to IND mapped out
	QPI-1007 <sup>5</sup> siRNA for ophthalmic disease	Phase III in NAION
	EGFR mAb + TGFβRII* (Tumor-Targeted Fusion mAb)	Preclinical

\*In-house program, # partnered with Vaccinex, <sup>5</sup> licensed from Quark Pharma

We are the pioneers in developing, manufacturing and launching a couple of novel biologics in India, including antibodies like BIOMAb-EGFR®, India's first indigenously produced novel monoclonal antibody for the treatment of head and neck cancer.

We also launched ALZUMAB™, the world's first novel anti-CD6 monoclonal antibody, in India, for psoriasis. Biocon is the first global company to biologically and clinically validate CD6 as a target for autoimmune diseases. In FY17, a bridging Phase I pharmacokinetic (PK) and safety study in normal healthy volunteers was initiated in Australia to evaluate the pharmacokinetics of a sub-cutaneous route of administration of Itolizumab in comparison to intravenous route for which, the Company has marketing approval in India. The asset is IND ready.

In the field of diabetes, Biocon's lead program is Insulin Tregopil, a first-in-class oral prandial insulin molecule for post-prandial glycaemic control. It is among the most advanced programs in the global oral insulin space and promises to transform diabetes management. A pivotal Phase II/III study in Type 2 diabetes patients in India was initiated in FY18 with dosing having commenced. Likewise, for Type 1 diabetes patient population, a multiple ascending dose study is planned in FY19 in partnership with US based JDRF, a leading global organisation funding Type 1 diabetes (T1D) research and advocacy worldwide. These combined studies in different diabetic populations will form the foundation of a broad global program envisioned for Insulin Tregopil.

QPI-1007, a novel siRNA molecule to treat non-arteritic ischemic optic neuropathy (NAION), based on Quark Pharma's siRNA (small interfering RNA) technology platform, is in-licensed for India and related markets. QPI – 1007 continues to make good progress following the initiation of pivotal global Phase II/III studies by our partner Quark Pharma. The study which was initiated in FY17 in the US, includes patients randomized in India as well. Biocon is the first biopharma organization in India to have forayed into the exciting space of siRNA-based therapeutics.

In immuno-oncology, Biocon's lead program FmAb2; is in pre-clinical development – a fusion protein of EGFR mAb and TGFβ RII ECD. This fusion antibody works on the concept of preferentially delivering immune modulators to tumour site, enhancing efficacy and delivering larger doses of TGFβ to the tumour micro-environment. IND filing for this molecule is planned for FY19 and is currently ready with Pharmacology and Mechanism of Action (MoA) established in in-vitro and in-vivo tumour models. It provides us with a potentially broad clinical opportunity in multiple tumour types.

We also have a second generation humanized antibody targeting CD20 for which, the path to IND has been mapped out and we plan to advance this asset in neuro-inflammatory diseases (for e.g. Multiple Sclerosis).

Biocon's focus on innovation for global markets continues to be strengthened via increasing the depth and emphasis on our in-house research capabilities – including access to novel IP, therapeutic modalities, in-vivo and in-vitro models, toxicology studies, early regulatory filings, academic collaborations etc. In development, broader global advancement of our novel programs assets will likely be driven via external collaborations to further fund the larger studies required to bring these to market and realize the full value of our innovations.

**Performance of Biologics segment in FY18** – Overall, the segment revenues grew by 9% to ₹ 6,286 mn as compared to ₹ 5,793 mn in FY17. The growth was led by insulin sales in Malaysia via the offtake agreement and higher sales in Mexico (government tender win by our partner). Antibodies product revenues increased on account of increased offtake of products (Trastuzumab, Bevacizumab) by our partner for India and emerging markets. Growth in insulins and antibodies was partially offset by decrease in licensing income. When adjusting for licensing income, product sales grew 28% over FY17.

#### Branded Formulations (India and UAE)

Biocon's Branded Formulations business focuses on regional markets and is currently operational in India and the UAE. This business has focused on specialty brands in critical therapies to build an enduring edge as a biologics-led healthcare company offering affordable and differentiated medicines of world-class quality to thousands of patients in India and UAE. Beyond therapy, we support select products with patient friendly initiatives in disease awareness, prevention and management. We also assist healthcare professionals and patients with the treatment of complex medical conditions. This, along with our portfolio approach focused on chronic disease segments, has enabled us to build considerable brand equity for our differentiated products in chronic therapy areas like diabetes, cancer, nephrology, immunology and other life threatening conditions.

**Performance of Branded Formulations segment in FY18** - In FY18, Branded Formulations segment grew 11% from ₹ 5,489 mn to ₹ 6,115 mn, led by strong growth in the UAE business. Performance in India was muted with low margins, dragging the overall profitability of the segment.

**India** - During the year under review, we launched KRABEVA®, a biosimilar Bevacizumab and our second oncology biosimilar launch in India. Developed for the treatment of metastatic colorectal cancer and other types of lung, kidney, cervical, ovarian and brain cancers, it is an important addition to our current Oncology portfolio in India. The initial feedback based on a few months of launch in India has been very encouraging. While this was a key positive for the India business, the overall growth of the India business remained sluggish and performance impacted due to various challenges faced by the business. Comprehensive Care, Market Access and Nephrology units showed meaningful growth over last year while the performance of other business units remained more or less flat. Overall, we had to take price reductions in some of our products (both mandatory as well as market based) and there was a temporary volume shortfall for certain biologic products due to the shutdown of our biologics facility in Q2/Q3 FY18. There was of course GST related impact on the business in the first half which normalized towards the third quarter.

Still, most of our key brands continue to do well. In FY18, ten of our brands featured among the Top 3 brands in their respective categories in India<sup>6</sup>. The Top 10 brands in our India portfolio accounted for ~76% of sales of our India business and grew 8% in FY18 over the previous year.

Biocon is one of the strongest companies in India in the Insulins space with Basalog<sup>®</sup> ranked as the number two Insulin Glargine brand in India, while Insugen<sup>®</sup> retained its position among the Top 3 brands of Recombinant Human Insulin.

Our Oncotherapeutics portfolio continued to make a significant impact in the realm of cancer care in India. BIOMAb EGFR<sup>®</sup>, our novel biologic for head and neck cancer, witnessed ~1,200 new enrolments in FY18. CANMAb<sup>™</sup>, our biosimilar Trastuzumab brand, has helped treat ~12,700 HER2-positive metastatic breast cancer patients in India since its launch in 2014 (Source: IPSOS 2017). CANMAb<sup>™</sup>, which ranks as the No. 1 brand of Trastuzumab in the country, garnered a value market share of 30% (Source: IMS TSA Feb'18).

Our novel biologic ALZUMAb<sup>™</sup> (Itolizumab) has made psoriasis management easier for several hundred patients in India since its launch in 2013. In FY18, we commenced a 40-patient, multi-center, pan-India study to identify potential biomarkers for treating subgroups of chronic plaque psoriasis patients with ALZUMAb<sup>™</sup>.

**UAE** – Our UAE Branded business is supported by 35 brands and its sales are well diversified across a portfolio of products. The Top 10 brands contribute 48% of sales and grew 19% in FY18 as compared to FY17. Biocon brands are ranked in Top 3 in their respective therapy segments in the UAE market. Our UAE business operates in Acute, Cardiovascular, Diabetes, Respiratory, and Gastrointestinal therapy segments in the local market.

During FY18, Biocon launched biosimilar Insulin Glargine in UAE under the brand name Glaricon<sup>™</sup>, which was our first biosimilar launch in the UAE market. We also in-licensed two more innovator brands from Novartis, Imprida<sup>®</sup> (Amlodipine + Valsartan) & ImpridaHCT<sup>®</sup> (Amlodipine + Valsartan + Hydrochlorothiazide), which will fortify our position in the UAE cardiovascular market, where we currently rank among the Top 10 companies. The UAE business reported an overall strong revenue growth driven by metabolic portfolio comprising novel in-licensed products like Jalra<sup>®</sup> and Imprida<sup>®</sup> and our brand of biosimilar Insulin Glargine, Glaricon<sup>™</sup>. Sales momentum of our other branded generic products also boosted revenue during the year.

<sup>6</sup> Brands having value of more than ₹ 50 mn

#### Research Services (Syngene)

Our listed subsidiary, Syngene International Limited, is India's largest Contract Research Organization (CRO). Syngene started as India's first CRO and has over the years built an enduring edge as an end-to-end drug discovery and development services provider for novel molecular entities to the global life sciences sector. It provides integrated discovery, development and manufacturing services for novel molecules across multiple platforms including small molecules, large molecules, Antibody-Drug Conjugates and Oligonucleotides.

Syngene brings together a state-of-the-art infrastructure spread across 1.3 mn sq ft and a pool of over 3500 scientists, to help R&D focused organizations achieve better R&D efficiency and reduce development time. Syngene provides a 'plug-and-play' business model that creates opportunities for increased customer engagement and project expansion across the continuum. Syngene enhances a customer's engagement choice to suit their specific business requirements. While pharma and biopharma are the mainstay sectors, Syngene also caters to other industries like nutrition, agrochemicals, specialty chemicals, and animal health.

Besides a number of multi-year contracts, Syngene has five long-duration, multi-disciplinary partnerships, each with a dedicated research centre, with Bristol-Meyers Squibb Co. (BMS), Amgen Research and Development Center (SARC), Herbalife Nutrition Company, Baxter International Inc. (Baxter) and GlaxoSmithKline (GSK).

During the year, Syngene added some of the world's top scientific organizations as strategic partners as well as expanded its collaboration with existing ones.

**Performance of Research Services segment in FY18** - During the year under review, Syngene's revenues grew 20% to ₹ 13,889 mn driven by broad based growth across three verticals. While Discovery Services and Development & Manufacturing Services recorded robust strong momentum, the Dedicated Centres continued to be on a strong footing. Biologic services clocked in a strong performance during the year.

#### Key highlights from FY18 include:

1. Expansion of Syngene Amgen R&D Center for Amgen
2. Expansion and extension of collaboration with Bristol-Myers Squibb
3. Strategic collaboration with GSK focusing on discovery services for new product development
4. Strategic collaboration involving a multi-year development and manufacturing relationship with Zoetis, a world leader in animal health
5. Extended ongoing collaboration with Merck KGaA
6. Successful completion of quality audit by Japanese regulator, PMDA
7. Commissioning of state-of-the-art Biologics Manufacturing Plant

One of Syngene's research facility in Bengaluru, which was damaged in a fire incident in December 2016, is expected to become operational during the first quarter of FY19. The under construction API manufacturing facility at Mangalore is scheduled to go live in FY20. With a proven track record and an effective combination of scientific talent, global accredited systems, advanced R&D infrastructure and continued investments in world-class infrastructure and services, supported by strong intellectual property protection systems, Syngene remains well-positioned to benefit from the expected growth in the CRO industry.

#### Operational Performance

Overview of the financial performance of the Company is given on the next page, which forms part of the MDA.

## Resource Review

## Employees

Employees remain the cornerstone of Biocon's success. We believe that good employee culture translates individual performance into success for all our shareholders.

In light of our steady growth and ambitious plans, attracting, grooming and retaining talent is of utmost importance. In pursuit of our belief that a healthy workplace and engaged workforce translates individual performance into success for all stakeholders, we endeavour to create an enabling environment in the Company.

A detailed discussion on human capital is provided in the Sustainability section of the Annual Report.

## Intellectual Property

Value creation through IP (Intellectual Property), is one of the key strategic pillars of our business model based on innovation and differentiation.

In pursuing this path, we have continued to deliver on our promise of generating a competitive advantage and building potential for exponential and enduring value. With approximately 1103 granted patents in various jurisdictions for novel molecules, small molecules and various related formulations and processes. Biocon has 666 granted trademarks as on date in various jurisdictions and three registered designs in India.

## FINANCIAL PERFORMANCE - AN OVERVIEW

## Consolidated Balance Sheet

The following table highlights the Consolidated Balance Sheet as on March 31, 2018 (FY18) and March 31, 2017 (FY17)

Table 1, All figures in ₹ Million

Particulars	FY18	FY17	Change
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible and intangible assets	50,023	44,651	12%
Investment in associates and a joint venture	638	422	51%
Financial assets	1,357	2,747	-51%
Income-tax assets (net)	1,273	895	42%
Deferred tax assets (net)	1,934	1,975	-2%
Other non-current assets	3,186	2,775	15%
	<b>58,411</b>	<b>53,465</b>	<b>9%</b>
<b>Current assets</b>			
Inventories	7,225	6,353	14%
Financial assets	32,891	33,127	-1%
Other current assets	1,370	997	37%
	<b>41,486</b>	<b>40,477</b>	<b>2%</b>
<b>TOTAL</b>	<b>99,897</b>	<b>93,942</b>	<b>6%</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	3,000	1,000	200%
Other equity	48,808	47,377	3%
Non-controlling interests	4,677	3,761	24%
	<b>56,485</b>	<b>52,138</b>	<b>8%</b>
<b>Non-current liabilities</b>			
Financial liabilities	18,083	21,145	-14%
Provisions and other non-current liabilities	3,916	3,876	1%
	<b>21,999</b>	<b>25,021</b>	<b>-12%</b>
<b>Current liabilities</b>			
Financial liabilities	16,981	12,517	36%
Income-tax liability (net)	891	964	-8%
Provisions and other current liabilities	3,541	3,302	7%
	<b>21,413</b>	<b>16,783</b>	<b>28%</b>
<b>TOTAL</b>	<b>99,897</b>	<b>93,942</b>	<b>6%</b>

## Non-current assets

Non-current assets grew 9% primarily due to additions in tangible assets and capitalisation of product development expenses. Additions to tangible assets primarily pertains to Research Services (Syngene), Malaysian facility, Generic Formulations and other manufacturing facilities.

## Equity share capital

We have an equity share capital that comprises of 600,000,000 equity shares having a face value of ₹ 5 each. During the year, the Company has allotted 400,000,000 equity shares of ₹ 5 each fully paid up as bonus shares in the ratio of 2:1 by capitalisation of securities premium account.

## Other equity

Other equity majorly comprises of share premium, treasury shares, retained earnings and other reserves. The total other equity of the Company increased by 3% in FY18, due to profit accumulation during the year, net of bonus issue.

## Non-controlling interests

The profit attributable to minority shareholders increased 24% in FY18, attributable to accumulation of profits of current year.

## Non-current liabilities

Non-current liabilities reduced by 12%, primarily due to partial repayment of term-loan obtained by Biocon Sdn. Bhd., and reclassification of debt to be repaid next fiscal year to current liabilities.

## Working capital (Current assets less Current liabilities)

Working capital as at March 31, 2018 stood at ₹ 20,073 mn, down by 15% as compared to FY17 due to current maturities of term-loan to be repaid next fiscal year.

## Consolidated Statement of Profit and Loss

The following table highlights key components of the Statement of Profit and Loss for the fiscal years ended March 31, 2018 (FY18) and March 31, 2017 (FY17)

Particulars	FY18	FY17	Change
Total revenue	43,359	40,787	6%
<b>Expenses</b>			
Cost of materials consumed	16,361	14,466	13%
Excise duty	63	305	-79%
Employee benefit expense	9,311	7,470	25%
Finance costs	615	260	137%
Depreciation and amortisation expense	3,851	2,772	39%
Other expenses	9,018	8,463	7%
<b>Sub-total</b>	<b>39,219</b>	<b>33,736</b>	<b>16%</b>
Less: Recovery of cost from co-development partners (net)	(1,747)	(1,283)	36%
<b>Total expenses</b>	<b>37,472</b>	<b>32,453</b>	<b>15%</b>
Share of profit of joint venture and associate (net)	213	163	31%
<b>Profit before tax</b>	<b>6,100</b>	<b>8,497</b>	<b>-28%</b>
Tax expense	1,569	1,538	2%
Tax on exceptional item	-	78	-100%
<b>Profit for the year</b>	<b>4,531</b>	<b>6,881</b>	<b>-34%</b>
Non-controlling interest	807	760	6%
<b>Profit attributable to shareholders of the Company</b>	<b>3,724</b>	<b>6,121</b>	<b>-39%</b>
Other comprehensive income attributable to shareholders	130	646	-80%
<b>Total comprehensive income attributable to shareholders of the Company</b>	<b>3,854</b>	<b>6,767</b>	<b>-43%</b>

## Revenue

During the year under review, revenues grew by 6% on a consolidated basis from ₹ 40,787 mn to ₹ 43,359 mn. The Small Molecules segment revenues decreased 8%, as it continued to face headwinds arising from pricing pressure and channel consolidation in the US impacting the statins business. The Biologics segment grew by 9% year on year primarily due to growth of insulins and Trastuzumab sales to emerging markets. Also, the Branded Formulations segment showed a growth of 11% supported by strong sales in UAE. Contract Research segment (Syngene) turnover of grew 20% driven by dedicated centers and biologics.

The total revenue composition for FY18 and FY17 is detailed below:

Particulars	FY18 (₹ mn)	FY17 (₹ mn)	FY18 (%)	FY17 (%)
Small Molecules	15,007	16,330	35	40
Biologics	6,286	5,793	14	14
Branded Formulations	6,115	5,489	14	13
Research Services	13,889	11,604	32	28
<b>Revenue from operations</b>	<b>41,297</b>	<b>39,216</b>		
Other income	2,062	1,571	5	4
<b>Total revenue</b>	<b>43,359</b>	<b>40,787</b>		

### Cost of Materials Consumed

The material costs comprised of raw materials, packing materials, traded goods and change in inventories. In FY18, material costs, as a percentage of revenue from operations ex-licensing, increased by 1% as compared to FY17.

### Employee Benefit Expenses

Our Employee benefit expenses comprise the following items:

- Salaries, wages, allowances and bonuses
- Contributions to provident fund,
- Contributions towards gratuity provisions
- Amortisation of employees stock compensation expenses and welfare expenses (including employee insurance schemes)

These expenses increased 25% in FY18, driven majorly by increased employee strength, annual increments and inclusion of employee benefit expenses # related to our Malaysian subsidiary Biocon Sdn. Bhd.

### Research and Development Expenses

The net R&D expenditure for FY18 decreased 19% to ₹ 2,158 mn (₹ 2,662 mn in FY17). These spends were ~8% of revenue ex-Syngene as compared to ~10% in the previous year. We capitalized ₹ 1,646 mn, taking gross R&D spend to ₹ 3,804 mn for the year compared to ₹ 4,019 mn in FY17. The gross R&D spend reduced due of lower spend in our biosimilar development programs whereas the expenditure related to in-house novel programs increased in FY18.

### Depreciation and Amortization

During this fiscal, depreciation and amortization increased 39% to ₹ 3,851 mn from ₹ 2,772 mn in FY17. Malaysia facility was capitalised towards the end of FY17, which resulted in additional depreciation for the current year.

### Finance Costs

The finance cost for FY18 is ₹ 615 mn, which represents interest cost on borrowings for Malaysia facility and working capital requirements in Research Services. The interest cost related to the Malaysian facility borrowings was capitalised until FY17.

### Tax Expenses

Tax expenses for the fiscal stood at ₹ 1,569 mn in comparison to ₹ 1,538 mn in FY17. The increase in effective tax rate in FY18 is primarily due to reduction in tax benefits on scientific research expenditure pursuant to change in tax laws in India and higher losses in overseas subsidiaries as compared to the previous year.

### Exceptional Items (net)

The Exceptional items during the previous year (FY17) comprised the following:

During the year ended March 31, 2017, Biocon SA ("BSA") and Biocon Sdn. Bhd. ("Biocon Malaysia") had entered into an Assignment and License Agreement pursuant to which BSA transferred all of its rights, interests and obligations in Insulin Analogs (IPR) to Biocon Malaysia. Consequent to this transfer BSA recorded a net gain in its standalone books which was offered to tax under the Swiss tax laws. The above restructuring did not have any impact on consolidated financial statements, except for a tax cost of ₹ 78 mn representing the tax payable by BSA locally which had been included within income tax expenses for the year ended March 31, 2017.

### Other Comprehensive Income

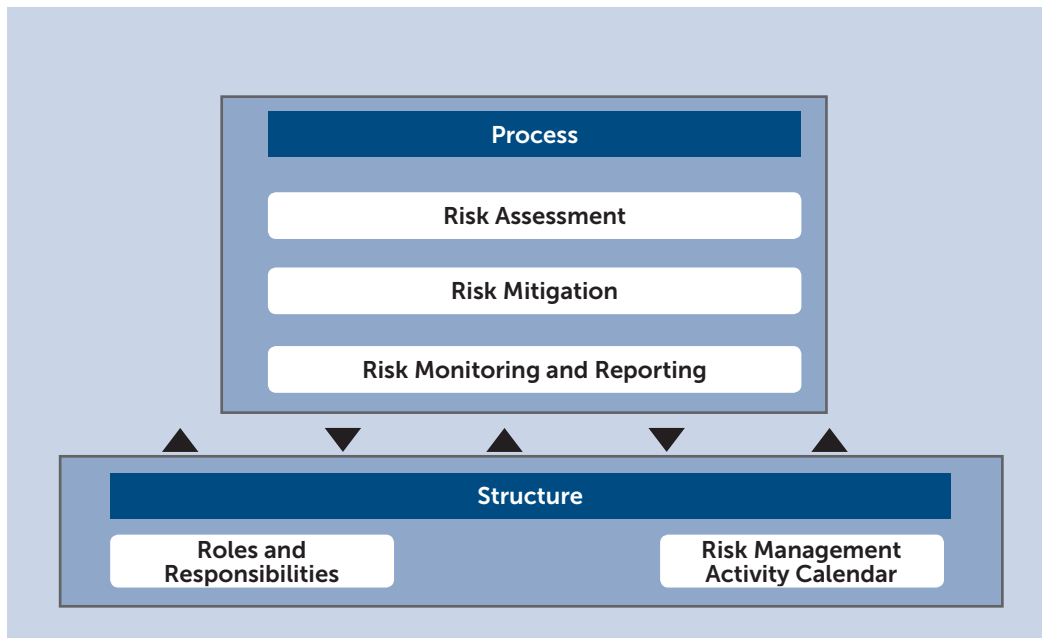
Other comprehensive income includes re-measurement gains/losses on defined benefit plans, gain/losses on hedging instruments designated as cash flow hedges and exchange differences on translation of foreign operations. The decrease is primarily due to lower gains on hedging instruments in FY18 as compared to the previous year.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## Risks, Threats and Concerns

Risk is a potential event or non-event, the occurrence or non-occurrence of which, can adversely affect the objectives or strategy of the Company or result in opportunities being missed.

### Our Risk Management Process



The risk management process at Biocon consists of the following three steps:

- Risk assessment
- Risk mitigation
- Risk monitoring and reporting

An effective risk management process entails these three steps being aligned with regular operations of the enterprise to ensure relevant and timely reporting and action on all risks which the organization faces. In the process of risk assessment, the risks which the organization faces from time to time gets identified and prioritized.

Risk mitigation is the process of initiating responsive action for managing the key risks which the organisation faces and restricting them at a tolerable level. The entire process can be broken down into "4 T":

1. Treat (Mitigation)
2. Terminate
3. Transfer
4. Take (Acceptance)

The risk monitoring and reporting process is aimed at assuring the management that risks have been adequately identified and prioritised and significant risks are well managed. The Audit & Risk Committee reviews the critical risks, gross exposure, mitigation action status and their net exposure on a periodic basis.

The global pharma industry bears a striking resemblance with the financial services industry of a decade ago. The industry landscape is affected by product safety and quality issues, intellectual property tangles, inappropriate marketing practices and corruption thereby leading to penalties, product recalls, brand loss and revenue loss. The regulatory landscape of the international pharma industry is complex and dynamic. The primary industry driver is patient health and safety even as regulatory approach to patient protection can vary from market to market. Besides rapid change, increased scrutiny, sophisticated risk-monitoring techniques and coordination across agencies and regions also impact the industry landscape. In such a context, it is imperative to respond with a holistic risk mitigation framework.

The Company has carved a niche on the back of its steadfastness in conducting business in accordance with all applicable statutory laws and regulations, and pursuing its core organizational values. Our established risk management framework addresses strategic, operational, legal, political, and financial and compliance risks that are inherent to the pharma business and impact our strategic goals. Risk management, coupled with a robust internal control framework, helps the Company to emphasize qualitative consistency, employee safety and long-term sustainability.

The global pharma business is marked by a variety of risks. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programmes. The digitisation and proliferation of electronic medical records, networked medical devices, mobile health applications, cloud-based technologies and data-sharing among industry stakeholders have increased the complexity in managing information assets, particularly protected / patient health information and intellectual property. The success of new products in the global pharmaceutical industry will more than offset global pricing pressures, supporting an outlook change from stable to positive for the industry.

Although the comprehensive eradication of risks associated with our business of the Company is unfeasible, constant efforts are made to analyse their potential impact, assess the changes to risk environment and define actions to mitigate their adverse impact. The Company has implemented a precise methodology entailing the timely identification, analysis and assessment of risks and their potential consequences, formulation of specific mitigation strategies and seamless execution. An enterprise-wide risk evaluation and validation process is conducted regularly and reviewed by the Audit & Risk Committee and Board of Directors.

In addition to the above, the key risks relating to our current operations, which we believe could cause our actual results to differ materially from expected and historical results include human capital risk such as loss of key personnel, timely non-replenishment of critical vacant roles with the apt skillset, concentration or reliance on third party sole suppliers or service providers including regional supplier reliance, risk of our R&D programs failing or not getting completed on a timely basis, risk of non-adherence to good manufacturing practices on an ongoing basis, risk arising out of strategic co-development arrangements with a partner, disruption of operations or loss of information from natural disasters, risk arising out of strategic projects where significant investments are made, foreign exchange fluctuations, changing global political and regulatory landscape, continued adherence to environment and safety related requirements, critical information loss, losses due to treasury activities, failure to report accurate financial information in compliance with accounting standards and applicable legislation, change in Company strategy etc.

### Internal Controls

The Company is responsible for establishing and maintaining adequate and effective internal controls and the preparation and presentation of the financial statements, including assertions on the internal financial controls in accordance with a broad criteria that it has set for itself.

A robust, comprehensive internal control system is a prerequisite for an organisation to function ethically and in commensuration with its abilities and objectives. We have established a strong internal control system for the Company, which is comprised of policies, guidelines and procedures adopted by the Company to ensure the orderly and efficient business conduct, including adherence to policies, asset safeguarding, fraud cum error prevention and detection, accounting records accuracy and completeness, and the timely preparation and presentation of reliable financial information.

This internal control system is aimed at providing assurance of our operational effectiveness and efficiency, compliance with laws and regulations, asset safeguarding and reliability of financial and management reporting.

The Company is staffed by experienced qualified professionals who play an important role in designing, implementing, maintaining and monitoring the internal control environment.

An independent firm of Chartered Accountants performs periodic internal audits to provide a reasonable assurance of internal control effectiveness and advise the Company on industry-wide best practices. The Audit & Risk Committee, consisting of Independent Directors, reviews important issues raised by the internal and statutory auditors on a regular basis and status of rectification measures to ensure that risks are mitigated appropriately on a timely basis.

### Outlook

Fiscal year 2017-18 witnessed significant progress of our global biosimilar pipeline with of our first US and EU biosimilar approvals coming through along with approvals in key emerging markets. We also expanded our biosimilar portfolio with a new collaboration with Sandoz. Syngene returned to growth, extended its BMS contract, added GSK to its list of marquee clients and continued to make investments to expand its capacities and service offerings. Prospects for fiscal 2018-19 look exciting with growth in the Biologics segment led by emerging markets expected to take off and Syngene continuing to deliver. While market dynamics for Small Molecules and India Branded Formulations remain challenging, we expect the segment to recover from the pressures faced in the year under review.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)



# Corporate Governance Report

## I. Company's philosophy on Code of Governance

Biocon Limited (Biocon/Company) believes that good Corporate Governance emerges from the application of the best management practices and compliance with the law coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters.

Biocon also believes that sound corporate governance is critical to enhance and retain investor trust. Hence Biocon's business policies are based on ethical conduct, health, safety and a commitment to building long term sustainable relationships with relevant stakeholders. The Company continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and Management levels.

At Biocon, we also consider it as our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. All Bioconites are committed to a balanced corporate governance system which provides the framework for attaining the Company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosures.

Your Company is not only in compliance with the requirements stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR") with regard to corporate governance but is also committed to sound corporate governance principles and practice and constantly strives to adopt emerging best corporate governance practises being followed worldwide.

A report on compliance with corporate governance principles as prescribed under SEBI LODR is given below.

## II. Board of Directors

The composition of the Board of your Company is in conformity with Regulation 17 of the SEBI LODR.

As on March 31, 2018 the Board of Directors has ten members. Ms. Kiran Mazumdar-Shaw is the Chairperson & Managing Director of your Company. The other Executive Member of the Board as at March 31, 2018, is Dr. Arun S Chandavarkar, Chief Executive Officer & Joint Managing Director. Prof Ravi Mazumdar is a Non-Executive Non-Independent Director. During the year under consideration, Mr. John Shaw had requested to be relieved from the position of Whole-Time Director of the Company effective June 30, 2017 and continue to be a Non-Executive Director of the Company. The Board of Directors at its meeting held on July 27, 2017 approved the request and passed a resolution to that effect. The remaining Directors on the Board of your Company comprises six Independent Directors as on March 31, 2018 and are renowned professionals drawn from diverse fields, possessing requisite qualifications and experience in general corporate management, finance, banking, insurance, economics, science, technology and other allied fields which enable them to contribute effectively to your Company and enhance the quality of Board's decision making process.

The Company's day-to-day affairs are managed by competent management team under the overall supervision of the Board. The Board is committed to representing the long term interest of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgement on the affairs of the Company.

The Directors are elected based on their qualifications and experience in varied fields. At the time of induction of a Director, a formal invitation to join the Board is sent out and a Directors' handbook comprising a compendium of the role, powers and duties to be performed is given to the new Director. The Independent Directors annually provide a Certificate of Independence in accordance with the applicable laws which is taken on record by the Board. All Board members are encouraged to meet and interact with the management. Board members are invited at key meetings of strategic guidance and advice.

### A. Composition of the Board

The Board of your Company comprises of ten Directors as on March 31, 2018. The names and categories of Directors, the number of Directorships and Committee positions held by them are given below. None of the Directors is a Director in more than 10 public limited companies (as specified in Section 165 of the Companies Act, 2013 ("the Act")) or act as an Independent Director in more than 7 listed companies or 3 listed companies in case he/she serves as a Whole-Time Director in any listed company (as specified in Regulation 25 of SEBI LODR). Further, none of the Directors on the Board is a member of more than 10 committees and chairman of more than 5 committees (as specified in Regulation 26 of SEBI LODR), across all the Indian public limited companies in which he/she is a Director.

Name of the Director	Category	Directors' Identification Number	Total Number of Directorships, Committee Chairmanships and Memberships of public limited companies*, as on March 31, 2018		
			Directorships <sup>§</sup>	Committee Chairmanships <sup>^</sup>	Committee Memberships <sup>^</sup>
Ms Kiran Mazumdar-Shaw#	Promoter & Executive	00347229	8	-	3
Mr. John Shaw#	Promoter & Non-Executive	00347250	4	-	2
Dr. Arun S Chandavarkar	Executive	01596180	4	-	2
Prof. Ravi Mazumdar#	Promoter & Non-Executive	00109213	1	-	1
Mr. Russell Walls	Independent	03528496	3	1	4
Ms. Mary Harney	Independent	05321964	1	-	-
Mr. Daniel M. Bradbury	Independent	06599933	1	1	2
Dr. Vijay K Kuchroo	Independent	07071727	2	-	-
Dr. Jeremy M Levin	Independent	07071720	1	-	1
Mr. M Damodaran	Independent	02106990	5	3	8

\*Excludes private limited companies, foreign companies, companies registered under Section 8 of the Act and Government Bodies

§ Includes Additional Directorships and Directorship in Biocon Limited

^ Committees considered as Audit Committee and Stakeholders Relationship Committee, including that of Biocon Limited

# Ms. Kiran Mazumdar-Shaw, Chairperson & Managing Director is the spouse of Mr. John Shaw, Vice Chairman and Non-Executive Director and sister of Prof. Ravi Mazumdar, Non-Executive Director

## B. Board Procedure

Detailed agenda is sent to each Director at least 7 days in advance of Board and Committee meetings. All material information is incorporated in the agenda along with supporting documents and relevant presentations. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. To enable the Board to discharge its responsibilities effectively, the Chairperson presents during each Board meeting, the overall performance of the Company.

The Board reviews strategy and business plans, annual operating plans and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Board also reviews major legal issues, minutes of meeting of various Committees of the Board and subsidiary companies, significant transactions and arrangements entered into by the subsidiary companies, adoption of financial results, transaction pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring details of any joint ventures or collaboration agreement, material default in financial obligations, if any, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public product liability, claims of substantial quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officer just below the Board level of Key Management Personnel.

The Company Secretary records minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to Board /Committee members within 15 days from the meeting for their comments. Directors communicate their comments (if any) in writing on the draft minutes within seven days from the date of circulation. The Minutes are entered in the Minute Books within 30 days from the conclusion of the meeting and signed by the Chairperson at the subsequent meeting.

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/Committee meetings are promptly communicated to the concerned departments/divisions. Action taken Report on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/Committee for noting.

Apart from Board members and the Company Secretary, the Board and Committee meetings are also attended by the Chief Financial Officer and wherever required by the heads of various corporate functions.

## C. Number of Board meetings, attendance of the Directors at meetings of the Board and the Annual General Meeting ("AGM")

During the year April 01, 2017 to March 31, 2018, five Board meetings were held on the following dates – April 27, 2017, July 27, 2017, August 21, 2017, October 26, 2017 and January 24, 2018. The Board met at least once in every calendar quarter and the gap between two meetings did not exceed one hundred and twenty days. These meetings were well attended. The 39<sup>th</sup> AGM of the Company was held on July 28, 2017.

The attendance of the Directors at these meetings were as under

Directors	No. of Board meetings held during FY 17-18	No. of Board meetings attended	Attendance at the 39 <sup>th</sup> AGM
Ms. Kiran Mazumdar-Shaw	5	5	Yes
Mr. John Shaw	5	5	Yes
Dr. Arun S Chandavarkar	5	5	Yes
Prof. Ravi Mazumdar	5	4	Yes
Mr. Russell Walls	5	5	Yes
Ms. Mary Harney	5	5	No
Mr. Daniel M Bradbury	5	5	No
Dr. Vijay K Kuchroo	5	2	No
Dr. Jeremy M Levin	5	3	No
Mr. M Damodaran	5	4	Yes

## D. Shareholding of Non-Executive Directors

The details of Company's shares held by Non-Executive Directors as on March 31, 2018 are as below:

Directors	No. of shares held as on March 31, 2018
Mr. John Shaw	4,222,674
Prof. Ravi Mazumdar*	2,295,042
Mr. Russell Walls	NIL
Ms. Mary Harney	NIL
Mr. Daniel M Bradbury	NIL
Dr. Vijay K. Kuchroo	NIL
Dr. Jeremy M Levin	NIL
Mr. M Damodaran	NIL

\*Joint holding with spouse

#### **E. Meeting of the Independent Directors**

The Independent Directors of your Company met once during the year on April 27, 2017 without the presence of Non-Independent Directors and members of the management. The meeting was conducted in an informal and flexible manner to enable the Independent Directors to inter alia, discuss matters pertaining to review of performance of Non Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **F. Details of Familiarisation Programme imparted to Independent Directors**

During the year, the Independent Directors were apprised at frequent intervals on the industry trends, business model and the overview of the Company and its operations by the senior management team. Further, various business unit heads made presentations to the Independent Directors at periodic intervals on the performance and future strategy of their respective business units. The Independent Directors were also regularly apprised of all regulatory and policy changes including their roles, rights and responsibilities. Presentations on Internal Control over Financial Reporting, Operational Control over Financial Reporting, Prevention of Insider Trading Regulations, SEBI LODR, framework for Related Party Transactions, etc. were made to the Board members during the year.

The Company's familiarisation policy and the details of programmes attended and hours spent by the Independent Directors during the financial year 2017-18 is available in Company's website [https://www.biocon.com/biocon\\_invrelation\\_cor\\_keygovernance.asp?subLink=gover](https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover).

### **III. Committees of the Board**

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is directed by its charter which outlines their scope, roles, responsibilities and powers. All the decisions and recommendations of the Committee are placed before the Board for their approval. The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functions. Senior officers/function heads are invited to present various details called for by the Committee at its meeting.

Committees of the Board are as under:

- A. Audit and Risk Committee
- B. Nomination and Remuneration Committee
- C. Stakeholders Relationship Committee
- D. Corporate Social Responsibility Committee

#### **A. Audit and Risk Committee**

##### **I. Brief description of terms of reference**

The powers, role and terms of reference of the Audit and Risk Committee are in line with the provisions of Section 177 of the Act and Part C of the Schedule II of the LODR. The Audit and Risk Committee discharges such duties and functions generally indicated under Regulation 18 of SEBI LODR, Companies Act, 2013 and such other functions as may be specifically assigned to it by the Board from time to time.

The Company has put in place an enterprise wide Risk Management Framework which is overseen by the Audit and Risk Committee. This holistic approach provides the assurance that, to the best of its capabilities, the Company and all its business units identify, assess and mitigate risks that could materially impact its performance in achieving the stated objectives. The Committee ensures that the Company is taking appropriate measures to achieve the prudent balance between risk and reward in both ongoing and new business activities, reviews strategic decisions of the Company and on regular basis reviews the Company's portfolio of risks considering it against the Company's risk appetite. The Committee also recommends changes as appropriate to the risk management technique and/or associated frameworks, processes and practices of the Company.

##### **II. Composition**

The following Directors are members of the Committee:

- 1. Mr. Russell Walls, Chairman
- 2. Mr. Daniel M Bradbury
- 3. Dr. Jeremy M Levin
- 4. Mr. M Damodaran

All members of the Committee are Independent Directors. The Committee members possess sound knowledge of accounts, finance, audit, governance and legal matters.

Senior staff from Accounts/Finance Department and representatives of Statutory and Internal Auditors attend all Audit and Risk Committee meetings. Mr. Rajiv Balakrishnan was the Company Secretary of the Company and was acting as Secretary to the Committee up to March 2, 2018. The Chairman of the Audit and Risk Committee, Mr. Russell Walls was present at the last Annual General Meeting held on July 28, 2017.

##### **III. Meeting and attendance during the year**

During the year, four meetings of the Audit & Risk Committee were held. The dates of the meetings are April 27, 2017, July 27, 2017, October 26, 2017 and January 24, 2018.

Members	No. of meetings	
	Held	Attended
Mr. Russell Walls	4	4
Mr. Daniel M Bradbury	4	3
Dr. Jeremy M Levin	4	3
Mr. M Damodaran	4	4

The Committee as a good governance practice also meets the external auditors, internal auditors and the Chief Financial Officer of the Company, in private to know their independent opinion on the performance of the Company.

## B. Stakeholders' Relationship Committee

### I. Brief description of the terms of reference

The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of Section 178 of the Act and Part D of the Schedule II of the SEBI LODR.

The Stakeholders' Relationship Committee is primarily responsible for redressal of Shareholders' / Investors' / Security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

### II. Composition

The following Directors are the members of the Committee:

1. Mr. Daniel Bradbury, Chairman
2. Mr. Russell Walls
3. Prof. Ravi Mazumdar

All the members of the Committee are Non-Executive Directors and majority are independent. Mr. Rajiv Balakrishnan, was the Company Secretary & Compliance Officer up to March 2, 2018. Effective March 3, 2018, Mr. Akhilesh Nand, Head Legal, has been appointed as the Compliance Officer of the Company.

### III. Meetings and attendance during the year

During the year, the Committee met 4 times on April 27, 2017, July 27, 2017, October 26, 2017 and January 24, 2018.

Members	No. of meetings	
	Held	Attended
Mr. Daniel M Bradbury	4	3
Mr. Russell Walls	4	4
Prof. Ravi Mazumdar	4	4

During the year, 364 complaints were received and resolved to the satisfaction of the investors. As on March 31, 2018 there are no outstanding complaints from the investors. The quarterly statement on investor complaint received and disposed of are filed with stock exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

## C. Corporate Social Responsibility Committee (CSR)

### I. Brief description of terms of reference

The terms of reference of the Committee are in line with the provisions of Section 135 of the Companies Act, 2013 (Act).

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating, monitoring and implementing a framework in line with the Corporate Social Responsibility policy of the Company.

### II. Composition

The following Directors are the members of the Committee:

1. Ms. Mary Harney, Chairperson
2. Dr. Vijay K Kuchroo
3. Prof. Ravi Mazumdar

All members of the Committee are Non-Executive Directors and majority are Independent.

### III. Meeting and attendance during the year

During the year, the Committee met twice on April 27, 2017 and July 27, 2017. The attendance at the meetings is as under:

Members	No. of meetings	
	Held	Attended
Ms. Mary Harney	2	2
Dr. Vijay K. Kuchroo	2	1
Prof. Ravi Mazumdar	2	2

All the members of the Committee are Non-Executive Directors and majority are independent.

## D. Nomination and Remuneration Committee

### I. Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of Section 178 of the Act and Part D of Schedule II of SEBI LODR.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, recommend nominations for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company, establish criteria for selection of Board Members with respect to competencies, qualifications, experience, track record, integrity, devise appropriate succession plans and determine overall compensation policies of the Company.

The scope of the Committee also includes review of the market practises and decide on remuneration packages to the Executive Director(s), lay down performance parameters for the Chairperson & Managing Director, the Executive Director(s), Senior Management, Key Managerial Personnel etc., and review the same.

In addition to the above, the Committee's role includes identifying persons who may be appointed in senior management in accordance with the criteria laid down recommending to the Board their appointment and removal.

The Committee also formulates the criteria for determining qualifications, positive attributes and independence of a Director and recommends to the Board periodically, policies relating to the remuneration of the Directors, Key Managerial Personnel and other Employees.

The Committee also carries out a separate exercise to evaluate the performance of individual Directors. Feedback is sought by way of structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governances. Performance evaluation is carried out based on the responses received from the Directors.

The performance evaluation of Independent Directors is based on various criteria including experience and expertise, independent judgement, ethics and values, adherence to the corporate governance norms, interpersonal relationships, attendance and contribution at meetings etc.

### II. Composition

The following Directors are the members of the Committee

1. Ms. Mary Harney, Chairperson
2. Dr. Vijay K Kuchroo
3. Prof. Ravi Mazumdar
4. Ms. Kiran Mazumdar-Shaw

Majority of the members of the Committee are Non-Executive Directors and half of the committee composition consist of Independent Directors.

### III. Meeting and attendance during the year

The Committee met four times during the year, on April 27, 2017, July 27, 2017, October 26, 2017 and January 24, 2018. The attendance at the meetings is as under:

Members	No. of meetings	
	Held	Attended
Ms. Mary Harney	4	4
Dr. Vijay K Kuchroo	4	2
Prof. Ravi Mazumdar	4	4
Ms. Kiran Mazumdar-Shaw*	3	3

\*Ms. Kiran Mazumdar-Shaw was appointed as a member of the Nomination and Remuneration Committee at the Board meeting held on April 27, 2017

## IV. Remuneration of Directors

### A. Remuneration Policy

Your Company has a well-defined policy for remuneration of the Directors, Key Management Personnel and other Employees. The policy is furnished as *Annexure 4* to the Board's Report.

The elements of remuneration package of the Executive Directors include fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowance, reimbursement of expenses etc., as applicable to the employees of the Company. The Executive Directors are the employees of the Company and are subject to service conditions as per the Company policy, which is three months' notice period, or such period as mutually agreed upon. There is no provision for payment of severance fees to Executive/ Non-Executive Directors. Independent Directors are paid remuneration in the form of commission apart from the sitting fees and are not subject to any notice period and severance fees.

### B. Remuneration to Non-Executive Directors

Pursuant to approval granted by the Shareholders of the Company at the 35<sup>th</sup> AGM held on July 26, 2013, the Independent Directors are paid commission up to a maximum of 1% of the net profits of the Company for each financial year, as computed in the manner laid down in the Act.

Subject to the above limits, the Independent Directors are eligible for commission as outlined below for participation in various meetings and meeting the various performance parameters/criteria including but not restricted to participation and contribution by a Director, commitment, guidance provided to the senior management outside of Board/Committee meetings, effective deployment of knowledge and expertise, effective management of the relationship with various stakeholders, independence of behaviour and judgement etc., as set out by the Nomination and Remuneration Committee.

Sl. No.	Particulars	Amount in USD
1.	Commission for attending each Board meeting	5000
2.	Commission for attending each Audit & Risk Committee meeting as	
	Chairman	6000
	Member	3000
3.	Commission for attending each Nomination and Remuneration Committee meeting as	
	Chairman	2000
	Member	1000
4.	Commission for attending each Corporate Social Responsibility Committee meeting as	
	Chairman	2000
	Member	1000

Besides the above commission, Foreign Independent Directors are paid travel allowance of USD 4,000 in case of travel from United States and USD 3,000 in case of travel from any other country for attending the meetings. The Non-Executive Directors are paid a consolidated sitting fee of ₹ 100,000 for attending the Board and Committee meetings. The Company also reimburses the out of pocket expenses incurred by the Directors for attending the meetings.

The Non-Executive Directors bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science & technology, legal and governance matters. There were no pecuniary relationship or transactions of Non-Executive Directors vis-à-vis the Company during financial year 2017-18.

#### C. Remuneration to Executive Directors

The Shareholders at their 37<sup>th</sup> AGM held on July 24, 2015 appointed Ms. Kiran Mazumdar-Shaw as the Chairperson & Managing Director for a period of five years effective April 01, 2015 on certain terms and conditions including her remuneration subject to a limit of 5% of net profits of the Company as calculated pursuant to Section 198 of the Companies Act, 2013. The remuneration includes fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses etc., as applicable to the employees of the Company.

The Shareholders at their 35<sup>th</sup> AGM held on July 25, 2013 approved the increase in remuneration of Mr. John Shaw, which was up to 5% of net profits of the company or such remunerations as may be recommended by Nomination and Remuneration Committee from time to time which shall not be more than 5% of the profits of the Company as calculated pursuant to Section 198 of the Act. During the year under consideration, Mr. John Shaw had requested to be relieved from the position of Whole-Time Director of the Company effective June 30, 2017 and continue to be a Non-Executive Director of the Company. The Board of Directors at its meeting held on July 27, 2017 approved the request and passed a resolution to that effect. Hence, he received the remuneration during the year 2017-18 up to June 30, 2017. He continues to serve as the Vice-Chairman of the Board of Directors of your Company.

Dr. Arun S Chandavarkar was appointed as the CEO & Joint Managing Director for a period of five years effective April 24, 2014, by the Shareholders at their 36<sup>th</sup> AGM on certain terms and conditions including his salary comprising of fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses etc., as applicable to the employees of the Company.

The details of remuneration paid to each of the Directors during the year ended March 31, 2018 are given below:

Directors	Salary and Perquisites		Others			Total
	Fixed Pay & Bonus	Perquisites	Retiral Benefits <sup>#</sup>	Commission*	Sitting Fees*	
Ms. Kiran Mazumdar-Shaw	21.55	0.03	1.08	-	-	22.66
Mr. John Shaw	6.39	-	-	-	-	6.39
Dr. Arun S Chandavarkar	36.17	0.03	1.40	-	-	37.60
Prof. Ravi Mazumdar	-	-	-	-	0.40	0.40
Mr. Russell Walls	-	-	-	3.92	0.50	4.42
Ms. Mary Harney	-	-	-	3.15	0.50	3.65
Mr. Daniel M Bradbury	-	-	-	2.96	0.50	3.46
Dr. Vijay K Kuchroo	-	-	-	1.34	0.20	1.54
Dr. Jeremy M Levin	-	-	-	2.32	0.30	2.62
Mr. M. Damodaran	-	-	-	2.06	0.40	2.46

<sup>#</sup> Perquisites valued as per Income Tax Act, 1961

\* The sitting fees & commission is based on payment in FY 2017-18

Dr. Arun S Chandavarkar was granted 76,500 Restricted Stock Units (RSUs) of Company's subsidiary, Syngene International Limited in April 2015 at nil exercise price which doesn't form part of his remuneration shown above. RSUs shall vest over a period of 4 years from the date of grant. During the year 2017-18, 15,300 RSUs were exercised by Dr. Arun S Chandavarkar.

No options under the Company's ESOP plan were granted to Executive / Non-Executive Directors during the financial year.

## V. General Body Meetings

### A. Annual General Meetings

The date, time and location of Annual General Meetings held during the last three years and the special resolutions passed thereat are as follows:

Year	Date and Time	Venue	Special Resolution(s) Passed
2014-15	July 24, 2015 at 3.30 p.m.	Tyler Jack's Auditorium, Biocon Research, Centre, Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road, Bengaluru – 560 099	<ol style="list-style-type: none"> <li>1. Amendment of Articles of Association of the Company</li> <li>2. Implementation of ESOP Plan through ESOP Trust</li> <li>3. Acquisition of shares by ESOP Trust from secondary market</li> </ol>
2015-16	June 30, 2016 at 4.00 p.m.	Tyler Jack's Auditorium, Biocon Research, Centre, Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road, Bengaluru – 560 099	<ol style="list-style-type: none"> <li>1. Appointment of Statutory Auditor</li> <li>2. Approval of new grants under the Company's ESOP plan</li> </ol>
2016-17	July 28, 2017 at 4.00	Tyler Jack's Auditorium, Biocon Research, Centre, Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road, Bengaluru – 560 099	<ol style="list-style-type: none"> <li>1. Reappointment of Mr. Russel Walls as Independent Director for five years</li> <li>2. Appointment of Ms. Mary Harney as Independent Director for five years</li> <li>3. Appointment of Mr. Daniel M. Bradbury as Independent Director for five years</li> </ol>

### I. Special Resolutions passed through Postal Ballot

During the financial year ended March 31, 2018 two postal ballots were held:

- From May 06, 2017 to June 04, 2017 for passing
  - » 1 Ordinary Resolution
  - » 1 Special Resolution
- From November 06, 2017 to December 05, 2017 for passing
  - » 1 Special Resolution

The details of the same are provided below:

Sl. No.	Special Resolution (S)/ Ordinary Resolution (O) Passed	Voting Details			Voting Details				Date of declaration of results
		No. of shares	No. of Votes Polled	% of Votes polled on Outstanding Shares	Votes cast In Favour		Votes cast Against		
					No. of Votes	%	No. of Votes	%	
1.	Increase in Authorised Capital of the Company and consequent alteration in the MOA (S)	200,000,000	159,955,526	79.98	159,399,044	99.65	556,482	0.35	June 07, 2017
2.	Issue of Bonus Shares by way of Capitalisation of Reserves (O)	200,000,000	159,955,645	79.98	159,955,238	99.99	407	0.1	June 07, 2017
3.	Transfer of Biosimilar Business of the Company by way of slump sale as 'Going Concern' to Biocon Biologics India Limited, a step down Wholly owned subsidiary of the Company (S)	600,000,000	480,304,402	80.05	480,300,206	99.99	4,196	0.01	December 07, 2017

(S) signifies Special Resolution and (O) signifies Ordinary resolution

### Person who conducted the Postal Ballot process

Mr. M. Damodaran, Company Secretary in practice, and partner of M. Damodaran & Associates, Chennai, (Membership No. F5837 and Certificate of Practice No. 5081) was appointed as scrutinizer to conduct the postal ballot process in both the cases.

**No Special Resolution is proposed to be conducted through postal ballot as on date.**

### II. Procedure for Postal Ballot

In compliance with the provisions of Sections 108 and 110 of the Act, read with appropriate Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of Karvy Computershare Private Limited (KARVY) for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members in electronic form to the email addresses registered with their depository participants and to their registered addresses (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the

close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairperson, after the completion of scrutiny and the consolidated results of the voting by the postal ballot are then announced by the Chairperson/any Director of the Company/Company Secretary. The results are also displayed on the Company website, [www.biocon.com](http://www.biocon.com), besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of postal ballot shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

## B. Means of communication

### I. Quarterly results

The quarterly financial results are published in Financial Express and Vijayavani (Kannada edition) and are also displayed on Company's website [www.biocon.com](http://www.biocon.com).

### II. News Releases, Presentations

Official news/Press releases are sent to the stock exchanges and are displayed on the Company's website [www.biocon.com](http://www.biocon.com)

### III. Presentations to Institutional Investors/ Analysts

Presentations are made to institutional investors and financial analysts on quarterly financial results of the Company. These presentations are also uploaded on the Company's website [www.biocon.com](http://www.biocon.com) and are sent to stock exchanges. The schedule of meetings with institutional investors/financial analysts are intimated in advance to the stock exchanges and disclosed on Company's website.

### IV. Website

The Company's website [www.biocon.com](http://www.biocon.com) contains a separate and dedicated section "Investors" where Shareholder information is available. The information such as press releases, notice of the Board meeting, revision in credit rating, clippings of newspaper publications etc., are uploaded on the website. The Company's Annual Report is also uploaded on the website in a user-friendly and downloadable form.

### V. NSE Electronic Application Processing System (NEAPS)

NEAPS is a web based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on NEAPS.

### VI. BSE Corporate Compliance & Listing Centre ('Listing Centre')

BSE's Listing Centre is a web based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases are electronically filed on the Listing Centre.

### VII. SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web-based complaints redressal system. Centralised database of all complaints received, online upload of the Action Taken Reports (ATRs) by the Company and online viewing by investors of actions taken on the complaint and its current status are updated/resolved electronically in the SEBI SCORES system.

## VI. General Shareholders Information

### A. Company Registration Details

The Company is registered in the State of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24234KA1978PLC003417.

### B. Annual General Meeting

Date and Time	Friday, July 27, 2018 at 3.30 p.m.
Venue	Tyler Jack's Auditorium, Biocon Research Centre, Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road, Bengaluru - 560 099
Financial Year	April 01, 2017 – March 31, 2018
Dividend payment date	Credit/dispatch of dividend warrants, if approved at the members' meeting would be made on or after July 27, 2018 but before August 3, 2018
Record Date	July 20, 2018
Financial Results Calendar for 2018-2019*	
Q1- FY 19	July 26, 2018
Q2- FY 19	October 25, 2018
Q3- FY 19	January 24, 2019
Q4- FY 19	April 25, 2019

\* The above dates are tentative



Listed on Stock Exchanges

National Stock Exchange of India Limited  
Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai – 400 051

BSE Limited  
PJ Towers, Dalal Street, Mumbai- 400 001

Stock Code/Symbol

NSE - BIOCON | BSE - 532523

International Securities Identification Number

INE376G01013

Payment of Annual listing fees to stock exchanges

Paid

### I. Market Price data during FY 2017-18

The monthly high/low closing prices and volume of shares of the Company from April 1, 2017 to March 31, 2018 are given below

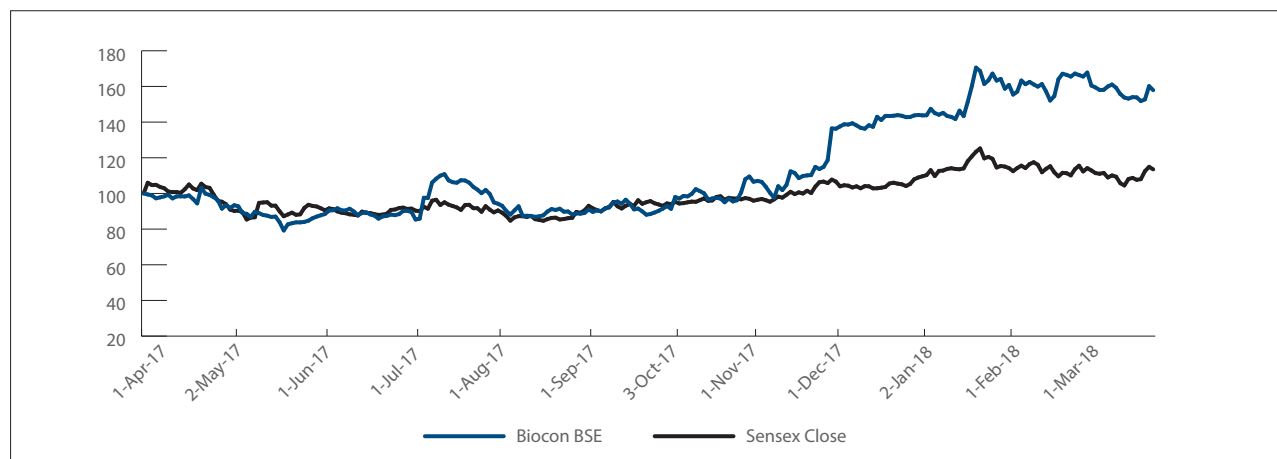
Month	BSE			NSE		
	High Price	Low Price	Volume of Equity Shares	High Price	Low Price	Volume of Equity Shares
Apr-17	1,188.00	1055.15	1,663,511	1,188.00	1,053.50	14,596,793
May-17	1,116.55	885.00	2,294,368	1,116.45	885.10	27,616,395
Jun-17	1,052.10	319.95*	3,917,634	1,052.50	319.25*	29,207,029
Jul-17	424.15	305.00	14,670,942	438.85	316.25	95,531,583
Aug-17	386.60	318.85	8,995,318	386.70	318.05	62,558,770
Sep-17	370.00	328.35	4,449,074	369.85	328.00	36,313,306
Oct-17	388.00	320.00	4,502,137	388.50	333.70	41,942,910
Nov-17	440.35	358.00	8,921,159	440.55	357.20	74,565,895
Dec-17	548.45	437.80	8,906,685	548.70	437.35	95,980,951
Jan-18	657.75	525.65	6,909,561	657.50	525.25	70,942,322
Feb-18	644.95	553.15	5,385,935	645.00	553.20	60,980,285
Mar-18	643.30	561.85	3,530,165	643.70	561.10	46,283,381

\*Bonus Shares were issued on June 19, 2017

### II. Performance in comparison with broad based indices

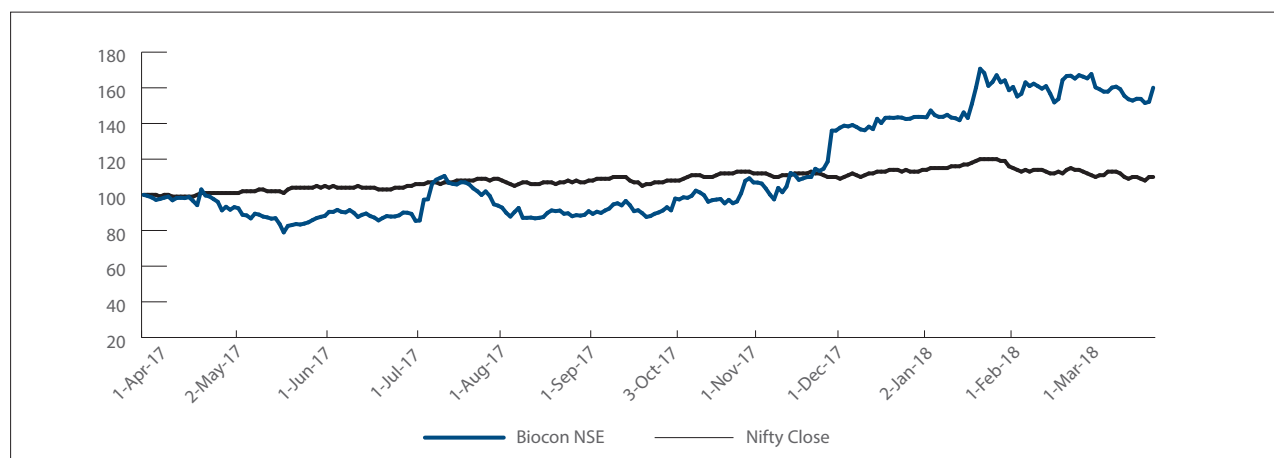
The chart below shows performance of the Company's share price in comparison to broad based indices such as BSE Sensex and NSE Nifty. The Biocon Management cautions that the stock movement shown in the graph below should not be considered indicative of potential future stock price performance.

Biocon & BSE Sensex share price movement from April 01, 2017 to March 31, 2018.



Note: The shares traded during the period April 1, 2017 to June 14, 2017 have been indexed to post bonus share issue quantum.

Biocon &amp; NSE Nifty share price movement from April 01, 2017 to March 31, 2018



Note: The shares traded during the period April 1, 2017 to June 14, 2017 have been indexed to post bonus share issue quantum

### III. Share Transfer System

Share transfers are processed and share certificates duly endorsed are returned within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Stakeholders Relationship Committee has delegated authority for approving transfer, transmission etc., of the Company's securities to the Share Transfer Committee consisting of Kiran Mazumdar-Shaw, Chairperson & Managing Director and Mr. John Shaw, Vice Chairman & Non-Executive Director of the Company. A summary of transfer/transmission of securities of the Company so approved by the Share Transfer Committee is placed at every Stakeholders Relationship Committee meeting. The Company obtains from a Company Secretary in Practice half-yearly Certificate of Compliance with the share transfer formalities as required under SEBI LODR and files a copy of the said certificate with the stock exchanges.

### IV. Dematerialization of shares and liquidity

99.77% of the equity shares of the Company are in electronic form as on March 31, 2018. Trading in equity shares of the Company is permitted only in dematerialized form. The Company's equity shares are actively traded on both National Stock Exchange (NSE) and BSE Limited (BSE). The average daily turnover for the financial year 2017-18 is given below:

	BSE	NSE	BSE + NSE
In number of shares (In Thousands)	301.41	2,657.97	2,959.38
In value terms (In ₹ Millions)	145.38	1,351.17	1,496.55

(Source: Compiled from data available on BSE and NSE website)

### V. Distribution of Shareholding (category wise) as on March 31, 2018 is as under:

Category	No. of Shares	% to Equity
Promoters (Indian & Foreign)	364,007,838	60.67
Foreign Institutional Investor	101,922,325	16.99
Mutual Funds, Banks, IFIs	22,732,107	3.79
NRIs & Foreign Nationals	7,459,873	1.24
Corporate Bodies	14,618,883	2.44
Trusts	20,804,604	3.47
Indian Public & Others	68,454,370	11.41
<b>Total</b>	<b>600,000,000</b>	<b>100</b>

VI. Distribution of Shareholding by numbers of shares as on March 31, 2018 is as under:

Sl. No.	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 1000	129,944	94.41	20,048,063	3.34
2	1001 - 2000	3,904	2.84	5,585,710	0.93
3	2001 - 3000	1,350	0.98	3,524,111	0.59
4	3001 - 4000	459	0.33	1,636,764	0.27
5	4001 - 5000	323	0.23	1,471,016	0.25
6	5001 - 10000	717	0.52	5,058,071	0.84
7	10001 - 20000	399	0.29	5,693,431	0.95
8	20001 - 30000	143	0.1	3,605,803	0.6
9	30001 - 40000	57	0.04	1,975,970	0.33
10	40001 - 50000	45	0.03	2,010,248	0.34
11	50001 - 60000	31	0.02	1,737,054	0.29
12	60001 - 70000	21	0.02	1,376,206	0.23
13	70001 - 80000	22	0.02	1,649,308	0.27
14	80001 - 90000	21	0.02	1,790,849	0.3
15	90001 - 100000	12	0.01	1,148,499	0.19
16	100001 and above	193	0.14	541,688,897	90.28
	<b>TOTAL</b>	<b>137,641</b>	<b>100</b>	<b>600,000,000</b>	<b>100</b>

VII. Outstanding ADRs/GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments

VIII. Commodity Price risk or foreign exchange risk and hedging activities

The input pricing risk is managed through appropriate long term rate contracts and constant evaluation of alternate support sources for key raw materials. Company has an approved Foreign Exchange Risk Management Policy and accordingly, during the year ended March 31, 2018, the Company has managed foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure and hedging are disclosed in Notes to Standalone Financial Statements.

IX. Plant Locations

1	2	3	4
20th KM, Hosur Road, Electronic City PO, Bengaluru- 560 100	Biocon Park, Plot No. 2, 3, 4 & 5, Bommasandra- Jigani Link Road, Bengaluru- 560 099	Plot 213-215, IDA Phase -II, Pashamylaram, Medak District -502307, Andhra Pradesh, India	Plot No. 2, J.N. Pharma City, IDA, Parvada, Vishakapatnam – 531021

X. Address for correspondence

**Financial Disclosure**

Mr. Siddharth Mittal  
President - Finance & Chief Financial Officer  
Tel: 91 80 - 2808 2808  
E-mail id: siddharth.mittal@biocon.com

**Investor Relations (Institutional Investors & Research Analysts)**

Mr. Saurabh Paliwal  
Head - Investor Relations  
Tel: 91 80 2808 2808  
E-mail id: investor.relations@biocon.com

**Registrar and Share Transfer Agents**

Karvy Computershare Private Limited  
(Unit: Biocon Limited)  
Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramgud, Hyderabad – 500 032  
E-mail id: einward.ris@karvy.com

**Media & Corporate Communications**

Ms. Seema Ahuja  
Head - Corporate Communications  
Tel: 91 80 - 2808 2808  
E-mail id: seema.ahuja@biocon.com

**Corporate Governance & Compliance**

Akhilesh Nand  
Compliance Officer  
Tel: 91 80 2808 2808  
Email: co.secretary@biocon.com

**Registered Office**

Biocon Limited  
20th KM, Hosur Road,  
Electronic City P.O.,  
Bengaluru - 560 100

**C. Other Disclosures:**

**I. Materially significant Related Party Transactions**

During the financial year 2017-18, there were no materially significant transactions or arrangements entered into between the Company and its promoters, management, Directors or their relatives, subsidiaries, etc. that may have potential conflict with the interests of the Company at large. The Company has formulated a policy on dealing with Related Party Transactions which specifies the manner of entering into Related Party Transactions. This policy has also been posted on the web site of the Company and can be accessed through web link [https://www.biocon.com/biocon\\_invrelation\\_cor\\_keygovernance.asp?subLink=gover](https://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover).

## II. Details of non-compliance

During the last three years, there were no instances of non-compliances by the Company related to the capital markets and no penalty or strictures were imposed on the Company by the stock exchanges or SEBI or any statutory authorities. The Company has also complied with the requirements of Corporate Governance Report of paras (2) to (10) mentioned in Part "C" of the Schedule V of SEBI LODR and disclosed necessary information as specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) as appropriately in the Annual Report.

## III. Vigil mechanism and Whistle blower policy

The vigil mechanism as envisaged in the Companies Act, 2013 and SBI LODR [Rule 22] is implemented through the Company's Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit and Risk Committee. The address of the Chairman of the Audit and Risk Committee has been given in the policy for the employees, Directors, vendors, suppliers or other stakeholders associated with the Company to report any matter of concern. Whistle blower policy of the Company is available on the website of the Company and can be accessed through the web link [https://www.biocon.com/docs/Biocon\\_Group\\_Integrity\\_Whistle\\_Blower\\_Policy.pdf](https://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf).

## IV. Compliance with non-mandatory requirements:

Apart from complying with the mandatory requirements prescribed by SEBI LODR, 2015, the Company has complied with a few non-mandatory requirements, such as,

- During the year under review, there is no audit qualification in your Company's Financial Statements. Your Company continues to adopt best practices to ensure regime of unqualified Financial Statements
- The post of Chairperson & Managing Director and Chief Executive Officer are separately held
- Internal Auditors report directly to the Audit & Risk Committee

## V. Material Subsidiary

All the Company's subsidiaries are Board managed with their respective Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. The Audit & Risk Committee reviews the Financial Statements, in particular investments made by the unlisted subsidiary companies. Minutes of the Board meetings of the unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Board periodically. Your Company has formulated a policy for determining "Material" subsidiaries as defined in Regulation 16 of the SEBI LODR. This policy is also posted on the website of the Company and can be accessed through web link [https://www.biocon.com/docs/PolicyDocument\\_MaterialSubsidiary.pdf](https://www.biocon.com/docs/PolicyDocument_MaterialSubsidiary.pdf).

## VI. Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

The Company does not have any securities in the Demat Suspense Account/Unclaimed Suspense Account

## VII. Code of Conduct

The Code of Conduct ("the Code") for Board members and senior management personnel as adopted by the Board, is a comprehensive Code applicable to Directors and senior management personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and senior management personnel. A copy of the Code has been put on the Company's website [www.biocon.com](http://www.biocon.com). The Code has been circulated to Directors and senior management personnel and its compliance is affirmed by them annually. A declaration signed by the Chief Executive Officer to this effect is published in this report.

## VIII. Code for Prevention of Insider Trading Practices

The Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading for its designated persons, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. The Directors, officers, designated persons and other connected persons of the Company are governed by the Code.

## IX. Disclosure by senior management personnel

The senior management of your Company have made disclosures to the Board confirming that there are no material, financial and commercial transactions where they have personal interest that may have a potential conflict of interest with the Company at large.

## X. CEO/CFO Certification

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company have furnished to the Board, the requisite Compliance Certificate under Regulation 17(8) of SEBI LODR for the financial year ended March 31, 2018.

## Declaration on Code of Conduct

Biocon group is committed to conducting its business in accordance with the applicable laws, Rules and Regulations and with the highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all directors, officers and employees.

I hereby certify that the Board Members and senior management personnel of the Company have affirmed compliance with the Code of Ethics and Business conduct for the year 2017-18.

For Biocon Limited

Bengaluru  
April 26, 2018

Dr. Arun S Chandavarkar  
Chief Executive Officer

# Auditors' Certificate on Corporate Governance

To

The Members of Biocon Limited,

We have examined the compliance of conditions of Corporate Governance by Biocon Limited, for the year ended 31 March 2018, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

## Management's Responsibility

The Company's Management is responsible for compliance of conditions of Corporate Governance requirements as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

## Auditors' Responsibility

Pursuant to the requirements of the above mentioned Listing Regulations, our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as per Regulations 17 to 27, Clause (b) to (i) of Regulation 46(2) and paragraph C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

## Restriction on Use

This Certificate has been solely issued for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **BSR & Co. LLP**

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

*Partner*

Membership number: 203491

Bengaluru

April 26, 2018

## Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L24234KA1978PLC003417
2. Name of the Company: Biocon Limited
3. Registered address: 20th KM Hosur Road, Electronic City, Bengaluru – 560100
4. Website : www.biocon.com
5. E-mail id : co.secretary@biocon.com
6. Financial Year reported: 01.04.2017 to 31.03.2018
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Industrial Group	Description
021	Manufacture of pharmaceuticals, medicinal chemical and botanical products

As per National Industrial Classification – Ministry of Statistics and Programme Implementation

8. List three key products/services that the Company manufactures/provides (as in balance sheet)
  - i) Small Molecules – API and Generic Formulations
  - ii) Biologics – Insulins, Biosimilar MABs and Proteins
  - iii) Branded Formulations
9. Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations: 5 (United States of America, Switzerland, United Kingdom, Malaysia and United Arab Emirates)
  - (b) Number of National Locations: 3 Manufacturing Locations (Bengaluru – 2 plants, Hyderabad and Vishakhapatnam) + Marketing Offices in India
10. Markets served by the Company – Local/State/National/International

In addition to serving Indian markets, the Company has global footprints and serves market of 120 countries.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹) : 3,000 Million
2. Total Turnover (₹) : 25,502 million
3. Total profit after taxes (₹): 2,385 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 4%
5. List of activities in which expenditure in 4 above has been incurred: Refer *Annexure 9 - Corporate Social Responsibility of the Board's Report*.

### SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

Yes. The Company has 12 subsidiaries as on March 31, 2018.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)**

Yes. The Company's subsidiary, Biocon Academy participates in the Business Responsibility (BR) initiatives of the Company.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

As per corporate risk governance process, suppliers and distributors work closely with supply chain on several risk mitigation programs including business continuity plans, geographic risk mitigation, reducing environmental burden by using recycled solvents and training user teams within Biocon Group, to manage product functioning and related hazards (products where specific product handling and usage procedures set by suppliers are required to be followed).

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

- i) Name: Dr. Arun S Chandavarkar
- ii) Designation: CEO and Joint Managing Director
- iii) DIN Number: 01596180

#### (b) Details of the BR head:

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	01596180
2	Name	Dr. Arun S Chandavarkar
3	Designation	CEO and Joint Managing Director
4	Telephone number	080 – 2808 2808
5	Email - ID	arun.chandavarkar@biocon.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3: Businesses should promote the well-being of all employees.

P4: Businesses should respect the interests of, and be responsive towards all Stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5: Businesses should respect and promote human rights.

P6: Businesses should respect, protect, and make efforts to restore the environment.

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8: Businesses should support inclusive growth and equitable development.

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

#### (a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1 Ethics & Transparency	P2 Product Responsibility	P3 Well- being of Employees	P4 Responsiveness to Stakeholders	P5 Respect Human Rights	P6 Environmental Responsibility	P7 Public Policy Advocacy@	P8 Support Inclusive Growth	P9 Engagement with Customers
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant Stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	N	Y	Y	N	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	Y

Sl. No.	Questions	P1 Ethics & Transparency	P2 Product Responsibility	P3 Well- being of Employees	P4 Responsiveness to Stakeholders	P5 Respect Human Rights	P6 Environmental Responsibility	P7 Public Policy Advocacy@	P8 Support Inclusive Growth	P9 Engagement with Customers
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	N	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Refer to the table below	Y	Refer to the table below	Y*	Refer to the table below	<a href="http://www.biocon.com/biocon_aboutus_ehspolicy.asp">http://www.biocon.com/biocon_aboutus_ehspolicy.asp</a>	N	<a href="http://www.biocon.com/biocon_cor_code_csr_about_policy.asp">http://www.biocon.com/biocon_cor_code_csr_about_policy.asp</a>	<a href="http://www.biocon.com/biocon_invrelation_cor_code.asp?subLink=gover">http://www.biocon.com/biocon_invrelation_cor_code.asp?subLink=gover</a>
7	Has the policy been formally communicated to all relevant internal and external Stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address Stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	N	Y	Y	N	N	Y

\*Note 1: The Company doesn't have a formal all Stakeholder Responsiveness Policy. However, specific Stakeholder engagement policies exist like Biocon Communications Policy and Social Media Policy for internal and external Stakeholders, which also outlines the issue management and crisis communications SOP. It has been Company's practice to upload all policies on BioSpace, the intranet site for the information and implementation by the internal Stakeholders.

@Note 2: Public Policy Advocacy is yet to be formulated. However, the Company plays a strong role in public policy advocacy through regular engagement with specific external Stakeholders including industry associations, government bodies and regulatory departments.

The Company has formulated certain internal guidelines which are aligned to the values underlying the herein stated Principles. Those guidelines vis-à-vis the principles are mentioned below:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Principle 3: Businesses should promote the wellbeing of all employees	Principle 5: Businesses should respect and promote human rights
Code of Conduct	Code of Conduct	Code of Conduct
Standing Orders	Employment Policy	
	Standing Orders	

It has been Company's practice to upload all policies on the intranet site for information and implementation by the internal Stakeholders. However, Code of Conduct, Integrity Policy which is applicable to both internal and external Stakeholders are available on the Company website [www.biocon.com](http://www.biocon.com).



### 3. Governance related to BR

- i) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. (within 3 months, 3-6 months, annually, more than 1 year).**

Corporate Social Responsibility Committee of the Board meets at an interval of six months to assess the BR performance of the Company.

- ii) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

BR report is being published annually as part of the Company's Annual Report in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The hyperlink for viewing the report is -[http://www.biocon.com/biocon\\_invrelation\\_annualreports.asp?subLink=finance](http://www.biocon.com/biocon_invrelation_annualreports.asp?subLink=finance)

## SECTION E: PRINCIPLE – WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?**

No. It extends to Group/Joint Ventures/Contractors etc.

2. **How many Stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Total complaints received	8
Closed cases	7
In progress	1

Company has a hotline for whistle blowing and any other concerns to be voiced. Any complaints received are addressed accordingly by authorized officials.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

- i) Small Molecules – API and Generic Formulations
- ii) Biologics – Insulins, Biosimilar MABs and Proteins
- iii) Branded Formulations

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

- (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

Sustainable thinking is the core aspect of our corporate responsibility. It has helped us move beyond statutory compliances to create responsible business practices that guarantee safe work environment, healthy workforce and sustainable environment across value chain. Our Company prefers to enter into long term commitments with those suppliers who fulfil their responsibility towards society as well as environment. Initiatives are taken to improve awareness about legal compliances, to enhance eco-friendly efficiencies and packaging/logistics improvements at the suppliers' end. Supplier and transporter meets are held on a periodical basis where the Company engages and encourages them to undertake sustainable practices across supply chain. Company drives its distribution plan using an ERP (Enterprise Resource Planning) system to optimize freight cost. Our approach is to add value in such a manner that not only are our products affordable and accessible, but our practices are also sustainable and equitable.

Along with spreading wellness through our products, we also work for the welfare of the neighbourhood economy by sourcing local material and labour wherever possible. Local sourcing is also an environmentally sustainable option as decrease in logistics significantly reduces the carbon footprint.

- (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

As a resource-respecting organization, we make every effort to be environment-friendly and we take steps to be in compliance with the best practices. Biocon has adopted principles of natural resource conservation, reuse, reduce, recycle, and waste minimization and renewable energy. All manufacturing units are certified for OHSAS 18001:2007 and ISO 14001:2015 standards. Accordingly, Biocon has made large investments in a zero liquid discharge system across all manufacturing units. This system recycles the recovered water for onward use within our utilities. Rain water harvesting system is in place covering building roof tops and harvested rain water is used for gardening purpose and utilities.

The waste generated in the Company's operations is either recycled or disposed of in a responsible way in line with legal requirements. 100% of wastewater is recycled and reused back in the process or utilities. Water consumption forms an important part of our agenda. At all our manufacturing units across India, efforts are continuously underway to reduce our fresh water consumption. There are several initiatives in the areas of energy conservation and clean energy. We have shifted to piped natural gas for steam generation replacing conventional fossil fuels thus adopting a clean, environment friendly and highly efficient form of energy. Around 40% of power requirement of Biocon Bengaluru units is from Wind Power. Renewable energy like wind power doesn't pollute the environment and doesn't contribute to global warming and greenhouse effects. We also have installed solar water heaters for domestic hot water requirements. We are in the process of phasing out fluorescent lighting with LED based lighting across our facilities.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes. The Company has protocol on operating procedure to approve vendors. Materials are procured from approved vendors both, local and international. The quality assurance team of the Company conducts periodic audit of the vendors, especially those who supply key materials on various parameters towards evaluating business sustainability. Our integrated Supply Chain Management (SCM) function, which encompasses multiple products, verticals and manufacturing locations, revolves around meticulous planning, smart sourcing and disciplined monitoring. Some of the initiatives in place for sustainable sourcing are as below:

**a. Sourcing & Vendor Consolidation**

- i. We believe that for strategic suppliers, in the interest of business, its best have minimum touch-points at multiple levels. This helps in driving a common corporate message across without it having to fly through multiple channels. Towards this, sourcing strategies have been consolidated for all plants at our Bengaluru Headquarters. We strive to achieve a balance between the benefits of centralization and de-centralization.
- ii. Consolidating vendors also helps us in keeping transactions to a minimum thereby minimizing operational loads. Consolidating requirements also helps in better planning and effective negotiations.

**b. Green Supply Chain**

- i. Biocon has made tremendous strides in moving from animal-origin to recombinant supply base for some of our key product portfolio which includes Insulins. We believe this has contributed significantly to our environment friendly initiatives apart from being a social cause in itself.
- ii. Sourcing team at Biocon focus on use of 'Green Solvents' which are non-petrochemicals based eg. Ethanol for majority of our business units thereby reducing the dependency on non-renewable forms of energy.
- iii. Deployment of professional and regulatory compliant logistics providers helps in consolidating solvents deliveries which further helps in achieving reduction in fuel cost per unit of solvent consumed at Biocon.

**c. Periodic Vendor Evaluation**

- i. All Suppliers (small, medium and large) are periodically evaluated on the basis of the supply performance. Matrices used to evaluate include OTIF (On-Time, In-Full Deliveries) & number of quality complaints
- ii. We conduct monthly reviews for each supply chain function to address issues with suppliers
- iii. We have also entrusted vendor evaluation to 3rd party international agencies like Dun & Bradstreet

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes. Biocon has always strived to work and develop most of the small and medium enterprises around its area of operation. The Company procures a considerable part of its goods and avails services from local and small vendors, particularly those located around its manufacturing locations. 15-20% of our total supplier base are small and medium enterprises. There is also a strong corporate directive of develop sourcing capabilities locally. This enables us in achieving multiple benefits like

- a) Shorter turn-around times for delivery
- b) Quicker resolution of issues pertaining to material quality
- c) Contribute to the local economy thereby enhancing sustainability of our operations

Besides, we also help in long term capacity planning for such vendors by sharing forecasts for upto 12 months.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so**

Yes. A mechanism for recycling products as well as waste is in place in the Company. Since the Company is a zero liquid discharge facility, 100% of wastewater is recycled and reused back in the utilities. STP treated water is used for gardening in Company premises thereby reducing usage of fresh water. Used solvents is distilled and recovered and it is reused internally to reduce usage of fresh solvent. Efforts are made to further strengthen the recovery processes in a) Biologics b) Small molecules and c) cross functional projects to drive further reduction in utilities and solvents through novel technology platforms which will help in making significant progress towards long term reduction in consumption of fresh solvents.

**Principle 3: Businesses should promote the well-being of all employees**

1. Company is committed to promote diversity in work place and provide equal opportunity for all employees regardless of race, colour, religion, age, gender, sexual orientation, national origin, disability and other factors. Employees have the right to work in an environment free from any form of discrimination which can be considered harassing, coercive or disruptive, particularly behaviour that tantamount to sexual harassment. Company asserts a zero tolerance policy towards any sexual harassment. The intent is to provide a work environment free from all forms of harassment, provide equal opportunity to all, respect privacy and recognize the right to be heard.

Company ensures providing a safe, healthy and clean working environment for all its employees. Employees are provided with transport and canteen facilities at subsidised prices. Employee engagement activities are conducted regularly to maintain a healthy work environment. Comprehensive health check-up is mandatory for all employees annually.

Company ensures timely and fair payment of wages in accordance to all applicable laws and standards. Well-being of all employees is a priority to the Company and all necessary steps are taken to ensure the same.

- |  |      |
|--|------|
| 2. i) Please indicate the total number of employees.   | 5622 |
| ii) Please indicate the total number of employees hired on temporary/contractual/casual basis. | 1324 |
| iii) Please indicate the number of permanent women employees                                   | 753  |
| iv) Please indicate the number of permanent employees with disabilities                        | 6    |

3. Do you have an employee association that is recognized by management?

No

4. What percentage of your permanent employees is members of this recognized employee association?

NA

5. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Child labour	Nil
Forced labour	Nil
Involuntary labour	Nil
Sexual harassment(SH)	3
SH pending closure	1*
Discriminatory employment	Nil

\* Received in March 2018

6. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

	Skill Upgradation	Safety
Permanent employees	74%	58%
Permanent women employees	86%	69%
Casual/Temporary/Contractual employees	2%	100%
Employees with disabilities	50%	50%

Principle 4: Businesses should respect the interests of, and be responsive towards all Stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external Stakeholders?

The mapping and management of Stakeholders is one of the core principles of our business strategy.

Stakeholders from the CSR perspective

The CSR board approves CSR strategies, budgets, project plans, manage internal governance and play oversight role with regard to compliance with Company's policy. The CSR committee identifies intervention areas based on the needs of the community, reviews policy, recommends budget, monitors implementation of programs and report the results to the board on quarterly basis. The foundation has developed and nurtured strong relationships with local community and other Stakeholders. We have nurtured long-term strategic partnership with- suppliers to maintain supply chain effectiveness, tertiary health providers to get technical support and with the Government to fulfil mutual obligation based on PPP mode. Communicating CSR achievements to shareholders, customers, employees, communities, public officials and other partners is at the heart of our strategy. It's a continuous process at Biocon which is carried out in board meetings, town-hall presentations, annual general meetings, CSR forums and also through various internal and external reporting and presentations. The value which is delivered to the Stakeholders is also conveyed with the help of online social networks and print media.

The other Stakeholders are:

- i) Government and regulatory authorities
- ii) Employees
- iii) Customers
- iv) Local community
- v) Investors and shareholders
- vi) Suppliers

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized Stakeholders?

At Biocon, we imply scientific methods of determining and addressing needs of the community. Our various social interventions are serving a population of more than 10 lakhs living predominantly in rural areas, peri-urban areas and slums. In compliance with the CSR Act 2014, preference is also given to the areas around where the Company operates. Our approach gives especial emphasis on the socio-economic development of most disadvantaged sections of the society which includes women, children and elderly populations.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized Stakeholders. If so, provide details thereof, in about 50 words or so.

The primary healthcare initiatives have been designed to bring quality and affordable healthcare to the underserved population in order to reduce morbidity and mortality and significantly reduce the out of pocket expenditure (OPE) by minimizing trips to secondary and tertiary health centres. Monthly camps are being organised in support of Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA) to provide antenatal care to pregnant women in rural areas. Breast Cancer and Cervical Cancer screenings are other women oriented programs. The Geriatric camps serve healthcare needs of elderly population. Our education program and mid-day meal initiatives cater to the educational and nutritional needs of children studying in Government schools. We have implemented intervention to manage severe acute malnourishment in children of Anganwadi centres. Our rural development initiatives address the rural urban divide in infrastructure. In addition, we promote gender equality and empowerment of women by supporting vocational skills and safe environment for them.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

No. It extends to Group/ Joint Ventures/ Contractors etc.

2. How many Stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There were no complaints during the year.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

Yes. Biocon is committed to adopt best global practices in Environment, Health and Safety (EHS). Our comprehensive governance systems are bolstered by best-in-class infrastructure, specialized EHS systems, competent teams and comprehensive programs. Biocon has well defined Environment, Health & Safety Policy in place to motivate employees so as to minimize environmental impacts and to prevent injuries and ill health at workplace. It covers all our internal and external Stakeholders and extends to the Group, Joint Ventures, suppliers, contractors and other Stakeholders like NGOs who work with us. The policy is communicated to all our Stakeholders to ensure that they are in compliance with the policy.

Adherence to EHS policy is emphasized to all stake holders by the top management as well as through appropriate communications within the Company.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. Commitment pertaining to global warming, climate change and biodiversity is clearly stressed in the Company's EHS policy. Relevant projects and initiatives are in place. Hyperlink for the webpage: [http://www.biocon.com/biocon\\_aboutus\\_ehspolicy.asp](http://www.biocon.com/biocon_aboutus_ehspolicy.asp)

3. Does the Company identify and assess potential environmental risks? Y/N

Yes. A risk based approach i.e. 'Aspect impact identification' methodology is in place to assess and identify environmental risks for all the activities, processes and new projects and any modifications.

Link to ISO 14001 & OHSAS 18001 certifications: [http://www.biocon.com/biocon\\_aboutus\\_ehspolicy.asp](http://www.biocon.com/biocon_aboutus_ehspolicy.asp)

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

As on date, the Company does not have any project registered with Clean Development Mechanism (CDM), but we are having various projects related to clean technology and we strive to identify CDM potential in all of our projects. Some of the projects in line with CDM methodologies in our organisation are

- Switched over to piped natural gas to fuel boilers instead of conventional fossil fuels thus reducing our GHG emissions
- Usage of biogas generated by our effluent treatment unit anaerobic digesters as a co-fuel in boilers
- Usage of solar energy for water heating and lighting purposes
- 35% of our power requirements is sourced from wind energy

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. Some energy efficiency, clean technology and renewable energy projects implemented at our sites are

- i) Installation of energy efficient centrifugal air compressors
- ii) Installation of LED lighting to replace fluorescent lamps
- iii) Power trading through Indian Energy Exchange
- iv) Installation of energy efficient air blower motors
- v) Reduction in CO2 emissions by using PNG (piped natural gas) for steam generation

- vi) 35% of our power requirements is sourced from wind energy
- vii) Installation of solar powered lighting
- viii) Installation of waste steam recovery system
- ix) Installation of two stage scrubber system at multiple effect evaporator system to ensure better air quality in and around facility

Intranet link: [http://www.biocon.com/biocon\\_aboutus\\_eshpolicy.asp](http://www.biocon.com/biocon_aboutus_eshpolicy.asp)

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. Air emissions and waste generated by Biocon Limited are well within the permissible limits prescribed by the environmental regulators and reported for the last financial year.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.**

There were no show cause/legal notices received from CPCB/SPCB which are pending as at the end of financial year 17-18.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes. CII, ABLE, IDMA, KDPMA, Federation of Karnataka Chambers of Commerce & Industry.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

As a pioneering biotechnology Company, Biocon engages with various Stakeholders including various government departments to facilitate progressive and pragmatic policies that can address the daunting healthcare challenges of the country. Biocon's CMD Kiran Mazumdar-Shaw, is a Biotech pioneer, well regarded globally, she is passionate about enabling affordable healthcare and therefore contributes selflessly towards creating an enabling ecosystem that promotes science, encourages start-ups and enables access to affordable universal healthcare. Biocon's CEO is also the Chairperson of the National CII Committee on Biotechnology, which engages with the government to enable creation of an optimal biotech ecosystem.

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

The Company has been focusing on empowerment of underprivileged communities through sustainable development projects; pivoted on innovation, grass roots implementation, grant support and knowledge sharing, in the realms of-

- Primary Healthcare
- Education
- Gender Equality & Women Empowerment
- Environmental Sustainability
- Technology Incubation
- Rural Development and
- Traditional Art and Culture.

The Company has also provided grants to promote interventions mandated under Schedule VII in the Companies Act 2013. To maximise impact at the national and state level, all our programs are in partnership with government agencies on strong footing of public private partnerships.

**(i) Primary Healthcare:** The paradigm of 'eLAJ Smart Clinic' model developed by the Biocon Foundation is an integration of preventive and outpatient primary healthcare services to address the health dilemmas, bridge the rural-urban healthcare divide and reduce patient movement to overburdened secondary and tertiary centres. Health services include promotion, maintenance and restoration of health. The productive model of healthcare delivery has been adopted in 3 private clinics of Biocon Foundation, 3 Government Primary Health Centres of Rajasthan and 15 Government Primary Health Centres of Karnataka. The intervention is serving a population of more than 10 lakhs living predominantly in rural areas, peri-urban areas and slums.

The primary healthcare approach, early detection and case management, is effective in reducing morbidity and mortality from infectious and non-communicable diseases. It involves a data driven approach with the help of an in-house electronic patient record system which enables our clinics to digitally record every patient encounter. The indispensable electronic data is also amalgamated with the health delivery model to address the basic preventive and primary health concerns in the areas of Communicable Diseases, Maternal and Child Health (MCH), Diet-related Non Communicable Diseases (NCDs) and prevention of cancers (Cervical cancer, Breast cancer and Oral cancer) through special health camps. This crucial model of outpatient primary care is also complemented by health promotion, prevention, and comprehensive health environment monitoring and risk assessment in the communities with the application of mHealth.

Programs	Solution Orientation	Target Beneficiaries
Outpatient Primary Care	Early detection and case management in clinical setting	Any patient who has a medical reason to consult doctor
Promotion of ICT based solutions (mHealth & EMR) for Healthcare Delivery	Integrated Electronic medical record system, Multiple parameter vital sign monitoring and use of wireless mobile technologies	Clinicians, health administrators, public health planners and patients from all age groups, sex and socio-economic strata
Real-time Monitoring of Health Facilities	Organisation of data on a real time basis by live dashboard for clinicians and administrators, patient follow-up notification, facility utilization tracking, clinical compliance, disease surveillance and so on	Clinicians, health administrators, public health planners and patients from all age groups, sex and socio-economic strata
Early Detection and Prevention of Cervical Cancer	Screening through Papanicolaou smears	All women married for at least 3 years from the age group 21- 59, priority to women above 30 years of age
Early Detection and Prevention of Breast Cancer	Screening through Intelligent Breast Examination (iBE), a novel US FDA cleared medical instrument for pre-screening of breast lesions	All women from the age group 21-69 years, priority to women above 30 years of age
Maternal & Child Healthcare	Antenatal Camps through Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA) & monthly paediatric clinics	Pregnant & lactating mothers and under-5 children
Management of Child Under-nutrition	Monthly health check-ups for children with Severe Acute Malnutrition	More than 400 malnourished children of under-5 years age group registered with Anganwadi Centres in Bagalkot
Nutrition support to children of primary schools	Partly funded the kitchen of The Akshaya Patra Foundation to provide mid-day meals	Children of Government Primary Schools in and around Jigani
Early Detection and Prevention of Oral Cancer	An mHealth approach to screen and treat precancerous oral lesions	18 years and older who consume tobacco in any form and/or alcohol
Early Detection and Management of Diet-related NCDs (Diabetes & Hypertension)	-Assessment of CVD & diabetes physiological risk factors -Monthly health check-up by specialist -Psychosocial counselling by the health educator	Patients with diabetes, hypertension and associated medical complications including at risk population
Adolescent Girl Health Education	Awareness and education on personal, mental, environmental, reproductive & sexual health and nutrition	Adolescent girls between ages 10 to 19 years
Mental Health Education and Counselling	Integration of mental health with primary health care, eradication of stigmas, counselling, primary treatment and referral	Patients with any psychiatric symptoms and associated disabilities
Preventive Health Education	Promotion activities on non-clinical life choices covering most of the aspects of health and its social determinants by Community Health Workers	Individuals from all the age groups, sex and socio-economic strata
Community Safe Drinking Water	Community RO water plants installation and commissioning	Individuals from all the age groups, sex and socio-economic strata living in Kyalsanahalli, Srirampura, Marutinagar and Hebbagodi (Anekal Taluk)
Swachh Vidyalaya	Construction of toilets in schools	Children of Government Primary School, Mayasandra, Government School & Junior College, Bagalur

**(ii) Education:** The Company persistently works on promotion of education especially among children of Government schools.

- Aata Paata Wadi- An afterschool enrichment program on English and Phonics, Life Skills, Art and Craft, Digital Literacy and games for children of classes 5 & 6 from government schools at Thithimati, Coorg. In February 2018, the program moved to the Ashrama Residential School in Thithimati which is run by the State Social Welfare Department. Students from classes 1 to 7 are responding well to the enrichment program.
- Biocon Academy- is a Centre of Excellence for Advanced Learning in Applied Biosciences and the institution is funded under Grand-in-Aid initiative.

**(iii) Promoting Gender Equality and Empowering Women:** The Company promotes gender equality and empowerment of women through various measures.

- Women's Hostel, Haliyal, Uttara Kannada: A hostel building has been constructed and furnished for women who come from weaker sections of the society and aspire to undergo vocational training at the Canara Bank Deshpande Rural Self-Employment Training Institute.

(b) Special Cell for Safety of Women & Children: Hebbagodi Police Department has been provided with patrol vehicles for a Special Cell to ensure the safety of women and children in the area.

**(iv) Environmental Sustainability:** The Company promotes conservation of natural resources, improve the ecosystem as to maintain quality of soil, air and water.

(a) Hebbagodi Lake Rejuvenation: Hebbagodi Lake which is spread over 35 acres was severely polluted due to 5 sewage inlets from surrounding developments and 2 storm water inlets. Due to Company's relentless efforts, the lake water has been treated by Bio-remediation processes. A children's park area has been completely levelled and fenced around the rejuvenated lake.

(b) Yarandahalli Lake Rejuvenation: In the first phase of the project, bund strengthening, bridge construction, cleaning of inlets and installation of a bar screen has been completed.

**(v) Art and Culture:** The Company values promotion and restoration of national heritage, art and culture. India Foundation for the Arts has been supported under our Grant-in-Aid initiative to encourage research and education in the arts and culture.

**(vi) Technology Incubation:** The Company is keenly aware of the power of technology in transformation the development indicators and therefore we provide grants to technology incubators which are approved by the Central Government.

(a) Science Gallery Bengaluru has been supported through Grant-in-Aid initiative to provide young adults with an interface between science and the arts.

(b) The Institute of Bioinformatics and Applied Biotechnology (IBAB) has been supported through Grant-in-Aid initiative so as to promote education, research and entrepreneurship in Biological Sciences.

(c) Team Indus has been supported through Grant-in-Aid initiative so as to promote development of path-breaking solutions on critical challenges of humanity.

**(vii) Rural Development Initiatives:**

(a) Sub road construction, Kyalasanahalli, Jigani TMC

(b) Commissioning of class rooms at Government Higher Primary School, Hennagara and Government Composite Junior College, Anekal

(c) Handover of building with furniture and fixtures to the Gram Panchayat, Mangalagudda to use for their administrative and community activities.

(d) Donation of furniture to Higher Primary School, Halakurki, Badami District

(e) Donation of furniture, fixtures, electrical and medical devices to Taluka Hospital, Haliyal

## 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The CSR initiatives are primarily implemented in house in close collaboration with local governments and grants are provided to Trusts/NGOs doing impactful work for the marginalized sections of the society.

## 3. Have you done any impact assessment of your initiative?

Refer *Annexure 9* of the Board's Report on Corporate Social Responsibility.

- More than 1,91,000 electronic records of around 93,000 OPD patients captured across all eLAJ Smart Clinics. These records are stored on a secure server and used for providing continuum of care to the patients.
- IPD Footfall of around 3,000 in eLAJ Smart Clinics Rajasthan
- Family Planning Coverage of around 80% in the catchment areas of eLAJ Smart Clinics Rajasthan
- Around 90% coverage of full immunization in children aged 12-23 months achieved by eLAJ Smart Clinics Rajasthan
- Around 350 deliveries conducted in eLAJ Smart Clinics Rajasthan
- More than 700 ANC registrations in eLAJ Smart Clinics Rajasthan
- A footfall of 4,500 in 50 camps organised under Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA) for pregnant women at eLAJ Smart Clinics Rajasthan
- More than 3,900 beneficiaries screened for diet-related NCDs in workplace settings, 55 hyperglycaemia, and 100 high Blood Pressure cases diagnosed and managed
- More than 4,000 footfall in the camps organised for screening and treatment of diet-related NCDs in community setting, 63% control rate in BP (SBP <140 mmhg & DBP <90 mmhg) & 35% control rate in hyperglycaemia (PPBS <180 mg/dl) achieved amongst DM & HT patients respectively
- More than 700 women screened for Cervical Cancer in workplace settings and an incidence of 5 atypical cells referred on diagnosis and around 50 cases of reproductive tract infections managed
- Around 900 women screened for breast lumps and an incidence of 128 abnormal cells recorded and referred
- More than 16,000 individuals screened for Oral Cancer and 771 cases of positive precancerous lesions identified and treated. More than 4,600 cases of various other oral health issues also diagnosed and treated

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Refer *Annexure 9* of the Board's Report on Corporate Social Responsibility.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so?**

The CSR team organises community workshops, perform field visits, carry out need assessment & feedback surveys, map community resources as well as maintain environmental health surveillance in community. The regular awareness and education in the community not just popularize social initiatives but also helps us in understanding their priorities and perspectives and tailor the intervention as per the need of the community. Informed consent from beneficiary is always taken before screening, counselling, testing or treatment and ethical approval is ensured before carrying out any survey or study.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Below is a summary of the complaints received:

No. of complaints received during FY 2018:	15
No. of complaints resolved:	12
No. of complaints pending resolution:	3

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).**

No. Since the Company's products are bio-pharmaceuticals, only product information that is approved by the regulatory authorities is displayed on the product label.

**3. Is there any case filed by any Stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

NIL.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

No.



# Independent Auditor's Report

To the Members of Biocon Limited

## Report on the Audit of the Standalone Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Biocon Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

## Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act.

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

In preparing the financial statements, Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 of the Standalone Ind AS financial statements 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 standalone 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone 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 standalone 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, of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

## 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, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

- (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; 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 standalone Ind AS financial statements – Refer Note 34 to the standalone Ind AS financial statements;
  - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 36 to the standalone Ind AS financial statements;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. the disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

**S Sethuraman**  
*Partner*  
Membership number: 203491

Place: Bengaluru  
Date: 26 April 2018

## Annexure - A to the Independent Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements of Biocon Limited for the year ended 31 March 2018. 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 the information and explanations given to us and basis our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for one immovable property amounting to ₹ 35 million as at 31 March 2018 for which the Company is in the process of obtaining registration.
- (ii) Inventories apart from goods in transit and inventories lying with outside parties have been physically verified by the Management during the year and the discrepancies noticed on such verification between the physical stock and book records were not material. In our opinion, the frequency of such verification is reasonable. Inventories lying with outside parties have been substantially confirmed by them as at the year-end and no material discrepancies were noticed in respect of such confirmations.
- (iii) The Company has granted loans to Companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loans have been granted to the companies listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
  - (b) In the case of the loans granted covered in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the principal and interest as stipulated.
  - (c) There are no overdue amounts in respect of the loans granted to companies covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made and, guarantees and securities given.
- (v) According to information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, excise duty, service tax, goods and service tax, cess and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, duty of customs, excise duty, service tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 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, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any disputes other than those set out in Appendix I.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions or government. The Company did not have any borrowings during the year by way of debentures.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the year. The term loans raised by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals as per provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly para 3 (xiv) 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 Registration Number: 101248W/W-100022

**S Sethuraman**

*Partner*

Membership number: 203491

Place: Bengaluru

Date: 26 April 2018

## Annexure - B to the Independent Auditor's Report of even date on the standalone financial statements of Biocon 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 Limited ('the Company'), as of 31 March 2018 in conjunction with our audit of the standalone 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 Act.

#### 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 (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 2018, 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 ICAI.

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership number: 203491

Place: Bengaluru

Date: 26 April 2018

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

Name of the statute	Nature of dues	Amount disputed (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	4	4	1996 – 97	Supreme Court
Income-tax Act, 1961	Income tax	1,639	162	2009-10, 2012-13 and 2013-14	Commissioner (Appeals)
Income-tax Act, 1961	Income tax	960	213	2008-09 and 2010-11 to 2012-13	Income Tax Appellate Tribunal ("ITAT")
Income-tax Act, 1961	Income tax	31	31	1997-98 and 2003-04 to 2006-07	High Court
Finance Act, 1994	Service-tax	54	-	2009-10 to 2012-13	Commissioner
Finance Act, 1994	Service-tax	91	-	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT")
Finance Act, 1994	Service-tax	1	-	2008-09 to 2012-13	Additional Commissioner
Finance Act, 1994	Service-tax	11	-	2014-15	Principal Commissioner, LTU
Entry Tax	Entry Tax	20	-	2012-13 to 2016-17	High Court
Value Added Tax Act, 2005	Value Added Tax	1	1	2006-07 and 2007-08	Commissioner (Appeals)
Value Added Tax Act, 2005	Value Added Tax	1	-	2007-08 and 2008-09	Revision Board
Value Added Tax Act, 2005	Value Added Tax	1	-	2010-11	High Court
Central Sales Tax Act 1956	CST	42	-	2010-11, 2012-13 and 2014-15	Karnataka Appellate Tribunal
Central Sales Tax Act 1956	CST	248	-	2011-12 to 2013-14	Commercial tax officer
The Central Excise Act, 1944	Excise Duty	361	53	2005-06 to 2012-13	CESTAT
The Central Excise Act, 1944	Excise Duty	59	-	2007-08 to 2013-14	Commissioner (Appeals)
The Customs Act, 1962	Customs duty	47	46	1994-95, 2004-05 and 2006-07 to 2008-09	CESTAT
The Customs Act, 1962	Customs duty	7	4	2003-04, 2005-06, 2007-08, 2008-09, 2010-11 and 2011-12	Commissioner (Appeals)

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## Balance Sheet as at March 31, 2018

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

	Note	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	8,341	8,649
Capital work-in-progress	3	3,185	2,408
Investment property	4	438	439
Intangible assets	5	247	292
Financial assets			
(i) Investments	6	37,452	33,635
(ii) Loans	7	2,817	1,923
(iii) Other financial assets	8(a)	379	243
Income-tax asset (net)		648	414
Deferred tax asset (net)	18	1,022	1,054
Other non-current assets	9(a)	2,163	1,847
<b>Total non-current assets</b>		<b>56,692</b>	<b>50,904</b>
<b>Current assets</b>			
Inventories	10	5,617	5,396
Financial assets			
(i) Investments	11	4,538	5,247
(ii) Trade receivables	12	7,399	7,982
(iii) Cash and cash equivalents	13	891	3,416
(iv) Bank balances other than (iii) above	13	1,078	413
(v) Other financial assets	8(b)	759	983
Other current assets	9(b)	295	348
<b>Total current assets</b>		<b>20,577</b>	<b>23,785</b>
<b>TOTAL</b>		<b>77,269</b>	<b>74,689</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14(a)	3,000	1,000
Other equity	14(b)	64,386	64,411
<b>Total equity</b>		<b>67,386</b>	<b>65,411</b>
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	672	1,324
(ii) Other financial liabilities	16(a)	7	2
Provisions	17(a)	172	133
Other non-current liabilities	19(a)	716	767
<b>Total non-current liabilities</b>		<b>1,567</b>	<b>2,226</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables	20	5,797	4,505
(ii) Other financial liabilities	16(b)	1,130	1,164
Provisions	17(b)	316	320
Income-tax liability (net)		740	777
Other current liabilities	19(b)	333	286
<b>Total current liabilities</b>		<b>8,316</b>	<b>7,052</b>
<b>TOTAL</b>		<b>77,269</b>	<b>74,689</b>

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru  
April 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director  
DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief  
Financial Officer

Bengaluru  
April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO  
DIN: 01596180

## Statement of Profit and Loss for the year ended March 31, 2018

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>INCOME</b>			
Revenue from operations	21	24,255	26,184
Other income	22	1,247	988
<b>Total income</b>		<b>25,502</b>	<b>27,172</b>
<b>EXPENSES</b>			
Cost of raw materials and packing materials consumed	23	9,587	9,915
Purchases of traded goods		925	902
Changes in inventories of traded goods, finished goods and work-in-progress	24	(18)	(465)
Excise duty		63	305
Employee benefits expense	25	4,086	3,650
Finance costs	26	10	38
Depreciation and amortisation expense	27	1,361	1,506
Other expenses	28	6,479	5,963
		<b>22,493</b>	<b>21,814</b>
Less: Recovery of cost from co-development partners (net)	29	(49)	(4)
<b>Total expenses</b>		<b>22,444</b>	<b>21,810</b>
<b>Profit before tax</b>		<b>3,058</b>	<b>5,362</b>
<b>Tax expense</b>	33		
Current tax		606	1,269
Deferred tax			
MAT credit entitlement		62	(1,172)
Other deferred tax		5	72
<b>Total tax expense</b>		<b>673</b>	<b>169</b>
<b>Profit for the year</b>		<b>2,385</b>	<b>5,193</b>
<b>Other comprehensive income/(expense)</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement on defined benefit plans		(11)	(27)
Income tax effect		4	9
		<b>(7)</b>	<b>(18)</b>
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(89)	149
Income tax effect		31	(47)
		<b>(58)</b>	<b>102</b>
<b>Other comprehensive income for the year, net of taxes</b>		<b>(65)</b>	<b>84</b>
<b>Total comprehensive income for the year</b>		<b>2,320</b>	<b>5,277</b>
<b>Earnings per share</b>			
Basic (in ₹)	31	4.04	8.82
Diluted (in ₹)		4.02	8.76

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru  
April 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru  
April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180



# Statement of Changes in Equity

for the year ended March 31, 2018  
(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

(A) Equity share capital	March 31, 2018		March 31, 2017		Securities premium reserve	Revaluation reserve	General reserve	Retained earnings	SEZ reinvestment reserve	Share based payment reserve	Treasury shares	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity
	1,000	1,000	2,000	-										
Opening balance	1,000	1,000	-	-										
Issue of bonus shares	2,000	-												
Closing balance	3,000	1,000												
<b>(B) Other equity</b>														
<b>Particulars</b>	<b>2,788</b>	<b>9</b>	<b>3,458</b>	<b>52,858</b>	<b>-</b>	<b>435</b>	<b>(577)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>58,966</b>
Profit for the year				5,193										5,193
Other comprehensive income, net of tax				-								102	(18)	84
<b>Transactions recorded directly in equity</b>														
Share based payment							125							125
Purchase of Treasury shares										(150)				(150)
Transfer to Special Economic Zone (SEZ) re-investment reserve				(162)	162									-
Transfer from SEZ re-investment reserve on utilization				162	(162)									-
Exercise of share options	120			193		(120)								193
<b>Balance at March 31, 2017</b>	<b>2,908</b>	<b>9</b>	<b>3,458</b>	<b>58,244</b>	<b>-</b>	<b>440</b>	<b>(727)</b>	<b>102</b>	<b>(23)</b>	<b>(7)</b>	<b>(23)</b>	<b>(30)</b>	<b>(5)</b>	<b>64,411</b>
Profit for the year				2,385										2,385
Other comprehensive income, net of tax				-								(58)	(7)	(65)
<b>Transactions recorded directly in equity</b>														
Issue of bonus shares	(2,000)													(2,000)
Dividend including dividend distribution tax				(693)										(693)
Share based payment							180							180
Purchase of treasury shares										(102)				(102)
Transfer to SEZ reinvestment reserve				(542)	542									-
Transfer from SEZ reinvestment reserve				542	(542)									-
Exercise of share options	124			270		(124)								270
<b>Balance at March 31, 2018</b>	<b>1,032</b>	<b>9</b>	<b>3,458</b>	<b>60,206</b>	<b>-</b>	<b>496</b>	<b>(829)</b>	<b>44</b>	<b>(30)</b>	<b>(7)</b>	<b>(30)</b>	<b>(5)</b>	<b>(5)</b>	<b>64,386</b>

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

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru

April 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru

April 26, 2018

## Statement of Cash Flows for the year ended March 31, 2018

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

	March 31, 2018	March 31, 2017
<b>I Cash flows from operating activities</b>		
Profit for the year	2,385	5,193
<i>Adjustments to reconcile profit for the year to net cash flows</i>		
Depreciation and amortisation expense	1,361	1,506
Unrealised foreign exchange (gain)/loss	(97)	213
Share based compensation expense	124	125
Provision/(reversal) of doubtful debts, net	15	16
Interest expense	10	38
Interest income	(337)	(669)
Net (gain)/loss on financial assets measured at fair value through profit or loss	39	(69)
Profit on fixed assets sold, (net)	(30)	-
Dividend income from current investments	-	(13)
Dividend income from subsidiaries	(145)	-
Net gain on sale of investments	(291)	(39)
Tax expense	673	169
Operating profit before working capital changes	<b>3,707</b>	<b>6,470</b>
<b>Movements in working capital</b>		
Decrease/(increase) in inventories	(221)	(350)
Decrease/(increase) in trade receivables	747	(3,077)
Decrease/(increase) in other assets	(513)	(736)
Increase/(decrease) in trade payable, other liabilities and provisions	709	758
<b>Cash generated from operations</b>	<b>4,429</b>	<b>3,065</b>
Direct taxes paid (net of refunds)	(877)	(1,207)
<b>Net cash flow generated from operating activities</b>	<b>3,552</b>	<b>1,858</b>
<b>II Cash flows from investing activities</b>		
Purchase of tangible assets	(1,688)	(2,276)
Acquisition of intangible assets	(43)	(31)
Proceeds from sale of fixed assets	34	2
Loan given to subsidiaries	(2,043)	(957)
Recovery of loans from subsidiaries	1,149	1,162
Purchase of investments	(8,394)	(28,008)
Proceeds from sale of investments	3,418	25,007
Investment in bank deposits and inter corporate deposits	(1,075)	(3,250)
Redemption/maturity of bank deposits and inter corporate deposits	2,530	8,679
Interest received	412	763
Dividend received on current investments	-	13
Dividend received on investments in subsidiaries	145	-
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(5,555)</b>	<b>1,104</b>
<b>III Cash flows from financing activities</b>		
Purchase of Treasury shares	(102)	(150)
Proceeds from Exercise of share options	270	193
Repayment of long-term borrowings	(11)	(75)
Proceeds/(repayment) of short-term borrowings (net)	-	(2,312)
Dividend paid on equity shares including tax thereon	(693)	-
Interest paid	(10)	(39)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>(546)</b>	<b>(2,383)</b>

## Statement of Cash Flows for the year ended March 31, 2018 (contd.)

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

	March 31, 2018	March 31, 2017
IV Net increase/(decrease) in cash and cash equivalents (I + II + III)	(2,549)	579
V Effect of exchange differences on cash and cash equivalents held in foreign currency	24	(64)
VI Cash and cash equivalents at the beginning of the year	3,416	2,901
VII Cash and cash equivalents at the end of the year (IV + V + VI)	<u>891</u>	<u>3,416</u>
Reconciliation of cash and cash equivalents as per statement of cash flow		
Cash and cash equivalents (Note 13)		
Balances with banks - on current accounts	885	3,410
Balances with Banks - on unpaid dividend accounts*	<u>6</u>	<u>6</u>
<b>Balance as per statement of cash flows</b>	<b><u>891</u></b>	<b><u>3,416</u></b>

\*The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

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 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru  
April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180

## Notes to the standalone financial statements for the year ended March 31, 2018

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

### 1. Company Overview

#### 1.1 Reporting entity

Biocon Limited ("Biocon" or "the Company"), is engaged in the manufacture of biotechnology products and research services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

#### 1.2 Basis of preparation of financial statements

##### a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2018. These standalone financial statements were authorised for issuance by the Company's Board of Directors on April 26, 2018.

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

##### b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (₹), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

##### c) Basis of measurement

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

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

##### d) Use of estimates and judgements

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

#### Judgements

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

- Note 1.2(b) – Assessment of functional currency;
- Note 2(a) and 36 – Financial instruments;
- Note 2(b), 2(c) and 2(d) – Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(n) – Lease classification;
- Note 35 – measurement of defined benefit obligation; key actuarial assumptions;
- Note 30 – Share based payments; and
- Note 2(l) and 33 – Provision for income taxes and related tax contingencies and Evaluation of 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, 2019 is included in the following notes:

- Note 2(g)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 18 and 33 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 36 – impairment of financial assets; and

- Note 17 and 34 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

#### 1.4 Measurement of fair values

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 30 – share based payment arrangements;
- Note 4 – investment property; and
- Note 2(a) and 36 – financial instruments.

## 2 Significant accounting policies

### a. Financial instruments

#### i. Recognition and initial measurement

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

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

#### ii. Classification and subsequent measurement

##### Financial assets

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to

be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 36 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

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

iii. *Derecognition*

*Financial assets*

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

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

*Financial liabilities*

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

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

iv. *Offsetting*

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

v. *Derivative financial instruments and hedge accounting*

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

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

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

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

*Cash flow hedges*

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

value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

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

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

vi. *Treasury shares*

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

vii. *Cash and cash equivalents*

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

*Cash dividend to equity holders*

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

b. **Property, plant and equipment**

i. *Recognition and measurement*

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

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

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

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

ii. *Depreciation*

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

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

<b>Asset</b>	<b>Management estimate of useful life</b>	<b>Useful life as per Schedule II</b>
Building	25 years	30 years
Roads	5 years	5 years
Plant and equipment (including Electrical installation and Lab equipment )	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	
Leasehold land	90 years or lease period whichever is lower	

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

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

*iii. Reclassification to investment property*

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

**c. Intangible assets**

*Internally generated: Research and development*

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

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

*Others*

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated 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 and loss as incurred.

*ii. Amortisation*

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

— Computer software	3-5 years
— Marketing and Manufacturing rights	5-10 years
— Customer related intangibles	5 years

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

**d. Investment property**

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

Based on technical evaluation and consequent advice, the management believes a period of 25 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties over a period of 25 years on a straight-line basis. The useful life estimate of 25 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years.

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

**e. Business combination**

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

**f. Inventories**

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

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



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

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

#### g. Impairment

##### i. *Impairment of financial assets*

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

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

##### ii. *Impairment of non-financial assets*

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

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

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

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

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### h. Employee benefits

##### i. *Gratuity*

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

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

##### ii. *Provident Fund*

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

##### iii. *Compensated absences*

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet

date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv. *Share-based compensation*

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

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

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

*Onerous contracts*

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

j. **Revenue**

i. *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimate reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances.

ii. *Milestone payments and out licensing arrangements*

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

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.

iii. *Sales Return Allowances*

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

iv. *Dividends*

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

v. *Rental income*

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

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

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

vii. *Interest income and expense*

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

**k. Government grants**

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are deducted in reporting the related expense.

**l. Income taxes**

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

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

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

**m. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**n. Leases**

*i. Assets held under lease*

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance sheet.

*ii. Lease payments*

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**o. Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

**p. Recent Indian Accounting Standards (Ind AS)**

Following new standard and amendment to Ind AS have not been applied by the Company as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from Contracts with Customers
Ind AS 21	The effect of changes in Foreign Exchange rates

*Ind AS 115 – Revenue from Contracts with Customers*

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. The new standard also provides guidance on evaluation of performance obligations being distinct to enable separate recognition and could impact timing of recognition of certain elements of multiple element arrangements.

Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company is in the process of evaluating the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

*Ind AS 21 – The effect of changes in Foreign Exchange rates*

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

### 3. Property, plant and equipment and Capital work-in-progress

	Land	Buildings	Leasehold improvements	Plant and equipment	Research and development equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
	[Refer note (a)]			[Refer note (b)]					[Refer note (c)]
<b>Gross carrying amount</b>									
At April 01, 2016	476	3,821	6	12,728	1,163	436	44	18,674	1,723
Additions	88	89	-	1,164	66	42	11	1,460	2,145
Disposals/transfers	-	(1)	-	(10)	-	(2)	(5)	(18)	(1,460)
<b>At March 31, 2017</b>	<b>564</b>	<b>3,909</b>	<b>6</b>	<b>13,882</b>	<b>1,229</b>	<b>476</b>	<b>50</b>	<b>20,116</b>	<b>2,408</b>
Additions	368	45	-	495	-	18	42	968	1,745
Disposals/transfers	-	(9)	-	-	-	-	(5)	(14)	(968)
Transfer from investment property	-	34	-	-	-	-	-	34	-
Transfer to investment property	(8)	(21)	-	-	-	-	-	(29)	-
<b>At March 31, 2018</b>	<b>924</b>	<b>3,958</b>	<b>6</b>	<b>14,377</b>	<b>1,229</b>	<b>494</b>	<b>87</b>	<b>21,075</b>	<b>3,185</b>
<b>Accumulated depreciation</b>									
At April 01, 2016	-	1,028	1	7,932	831	265	21	10,078	-
Depreciation for the year	-	158	-	1,109	78	54	6	1,405	-
Disposals	-	-	-	(9)	-	(2)	(5)	(16)	-
<b>At March 31, 2017</b>	<b>-</b>	<b>1,186</b>	<b>1</b>	<b>9,032</b>	<b>909</b>	<b>317</b>	<b>22</b>	<b>11,467</b>	<b>-</b>
Depreciation for the year	-	164	-	933	76	57	24	1,254	-
Disposals	-	(6)	-	-	-	-	(4)	(10)	-
Transfer from investment property	-	27	-	-	-	-	-	27	-
Transfer to investment property	-	(4)	-	-	-	-	-	(4)	-
<b>At March 31, 2018</b>	<b>-</b>	<b>1,367</b>	<b>1</b>	<b>9,965</b>	<b>985</b>	<b>374</b>	<b>42</b>	<b>12,734</b>	<b>-</b>
<b>Net carrying amount</b>									
At March 31, 2017	564	2,723	5	4,850	320	159	28	8,649	2,408
<b>At March 31, 2018</b>	<b>924</b>	<b>2,591</b>	<b>5</b>	<b>4,412</b>	<b>244</b>	<b>120</b>	<b>45</b>	<b>8,341</b>	<b>3,185</b>

(a) Land includes land held on leasehold basis: Gross carrying amount ₹ 368 (March 31, 2017 - ₹ Nil); Net carrying amount ₹ 368 (March 31, 2017 - ₹ Nil).

(b) Plant and equipment include computers and office equipment.

(c) Capital work-in-progress mainly comprises new biopharmaceutical manufacturing unit being constructed in India.

(d) Additions to property, plant and equipment includes additions related to research and development amounting to ₹ 26 (March 31, 2017 - ₹ 250).

(e) For details of security on certain property, plant and equipment, refer note 15(a).

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

#### 4. Investment property

<b>Gross carrying amount</b>	
At April 01, 2016	533
Additions	20
<b>At March 31, 2017</b>	<b>553</b>
Transfer from property, plant and equipment	29
Transfer to property, plant and equipment	(34)
<b>At March 31, 2018</b>	<b>548</b>
<b>Accumulated depreciation</b>	
At April 01, 2016	94
Depreciation for the year	20
<b>At March 31, 2017</b>	<b>114</b>
Depreciation for the year	19
Transfer from property, plant and equipment	4
Transfer to property, plant and equipment	(27)
<b>At March 31, 2018</b>	<b>110</b>
<b>Net carrying amount</b>	
At March 31, 2017	439
<b>At March 31, 2018</b>	<b>438</b>

During the year, the Company has recognised rental income of ₹ 182 (March 31, 2017 - ₹ 109) in the statement of profit and loss for investment property.

The fair value of investment property as at March 31, 2018 is ₹ 491 (March 31, 2017 - ₹ 479), based on market observable data.

#### 5. Intangible assets

	Intellectual property rights	Computer software	Marketing and Manufacturing rights	Customer related intangibles	Total
<b>Gross carrying amount</b>					
At April 01, 2016	81	218	294	77	670
Additions	-	31	-	-	31
<b>At March 31, 2017</b>	<b>81</b>	<b>249</b>	<b>294</b>	<b>77</b>	<b>701</b>
Additions	-	43	-	-	43
<b>At March 31, 2018</b>	<b>81</b>	<b>292</b>	<b>294</b>	<b>77</b>	<b>744</b>
<b>Accumulated amortisation</b>					
At April 01, 2016	81	86	153	8	328
Amortisation for the year	-	39	27	15	81
<b>At March 31, 2017</b>	<b>81</b>	<b>125</b>	<b>180</b>	<b>23</b>	<b>409</b>
Amortisation for the year	-	46	27	15	88
<b>At March 31, 2018</b>	<b>81</b>	<b>171</b>	<b>207</b>	<b>38</b>	<b>497</b>
<b>Net carrying amount</b>					
At March 31, 2017	-	124	114	54	292
<b>At March 31, 2018</b>	<b>-</b>	<b>121</b>	<b>87</b>	<b>39</b>	<b>247</b>

## 6. Non-current investments

### I. Quoted equity instruments

#### In subsidiary company at cost:

Syngene International Limited - 145,217,843 (March 31, 2017 - 145,217,843) equity shares of ₹ 10 each	27,591	27,591
<b>Total quoted non-current investments</b>	<b>27,591</b>	<b>27,591</b>

### II. Unquoted equity instruments

#### In subsidiary companies at cost:

Biocon Research Limited - 500,000 (March 31, 2017 - 500,000) equity shares of ₹ 1 each	1	1
Biocon SA, Switzerland - 100,000 (March 31, 2017 - 100,000) equity shares of CHF 1 each	4	4
Biocon FZ LLC, UAE - 150 (March 31, 2017 - 150) equity shares of AED 1,000 each	3	3
Biocon Pharma Limited - 14,050,000 (March 31, 2017 - 12,050,000) equity shares of ₹ 10 each	141	121
Biocon Biologics Limited, UK - 97,722,710 (March 31, 2017 - 47,183,101) equity shares of GBP 1 each	8,716	4,453
Biocon Academy - 50,000 (March 31, 2017 - 50,000) equity shares of ₹ 10 each	1	1
Biocon Healthcare Sdn. Bhd., Malaysia - 1,000,000 (March 31, 2017 - Nil) equity shares of RM 1 each	15	-
Biocon Biologics Limited, UK - equity shares application money pending allotment	978	-

#### In joint venture company at cost:

NeoBiocon FZ LLC, UAE - 147 (March 31, 2017 - 147) equity shares of AED 1,000 each	2	2
--	---	---

#### In others:

Energion KN Wind Power Private Limited - 38,500 (March 31, 2017 - 38,500) equity shares of ₹ 10 each	1	1
Less: Provision for decline, other than temporary, in the value of non-current investments	(1)	(1)

#### Total unquoted investments in equity instruments

**9,861 4,585**

### III. Unquoted preference shares

#### In associate company:

IATRICa Inc., USA - 4,285,714 (March 31, 2017 - 4,285,714) Series A Preferred Stock at US\$ 0.70 each, par value US \$ 0.00001 each	139	139
Less: Provision for decline, other than temporary, in the value of non-current investments	(139)	(139)

#### Total unquoted investments in preference shares in associate company

**- -**

#### Others:

Vaccinex Inc., USA - 2,722,014 (March 31, 2017 - 2,722,014) Series B1 Preferred Convertible Stock at US\$ 1.55 each, par value US \$0.001 each	186	186
Vaccinex Inc., USA - 217,972 (March 31, 2017 - 217,972) Series B2 Preferred Convertible Stock at US\$ 3.10 each, par value US \$0.001 each	32	32
Less: Provision for decline, other than temporary, in the value of non-current investments	(218)	(218)

Energion KN Wind Power Private Limited - 14,666 (March 31, 2017 - 14,666) Compulsorily Convertible Preference Shares, par value ₹ 100 each

1 1

Less: Provision for decline, other than temporary, in the value of non-current investments

(1) (1)

**- -**

#### Total unquoted investments in preference shares

**- -**

### III. Unquoted debentures or bonds at amortised cost\*

#### Others:

LIC Housing Finance Co Ltd - Nil (March 31, 2017 - 700) 7.51% bonds at ₹ 1,001,120 each, par value ₹ 1,000,000 each	-	701
HDFC Ltd - Nil (March 31, 2017 - 75) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	-	758

#### Total unquoted investments in debentures or bonds

**- 1,459**

#### Total non-current investments

**37,452 33,635**

Aggregate book value of quoted investments	27,591	27,591
Aggregate market value of quoted investments	86,724	75,622
Aggregate value of unquoted investments	10,220	6,403
Aggregate amount of impairment in value of investments	359	359

\* Classified to current. Refer note 11.

(a) The Company has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2018	March 31, 2017
<b>7. Loans</b>		
Unsecured, considered good		
Loans to related parties [refer note 32]	2,817	1,923
	<b>2,817</b>	<b>1,923</b>
Loans to related parties comprise loans to the following:		
(i) Biocon Research Limited	1,633	1,923
Maximum amount outstanding during the year	2,496	1,965
(ii) Biocon Pharma Limited	774	-
Maximum amount outstanding during the year	774	260
(ii) Biocon Biologics India Limited	410	-
Maximum amount outstanding during the year	410	-
<b>8. Other financial assets</b>		
<b>(a) Non-current</b>		
Fair value of hedging instruments	6	14
Deposits	182	179
Other receivables from related parties [refer note 32]	191	50
	<b>379</b>	<b>243</b>
<b>(b) Current</b>		
Fair value of hedging instruments	59	128
Interest accrued but not due	78	173
Other receivables from:		
Related parties [refer note 32]	612	670
Others	10	12
	<b>759</b>	<b>983</b>
<b>9. Other assets</b>		
<b>(a) Non-current</b>		
Capital advances	160	409
Duty drawback receivable	217	329
Balances with statutory/government authorities	1,780	1,101
Prepayments	6	8
	<b>2,163</b>	<b>1,847</b>
<b>(b) Current</b>		
Advance to suppliers	163	144
Prepayments	132	204
	<b>295</b>	<b>348</b>
<b>10. Inventories</b>		
Raw materials, including goods-in-bond*	1,147	988
Packing materials	430	386
Work-in-progress	2,423	2,494
Finished goods	1,325	1,305
Traded goods	292	223
	<b>5,617</b>	<b>5,396</b>

\* includes goods in-transit ₹ 12 (March 31, 2017 - ₹ Nil)

Write-down of inventories to net realisable value amounted to ₹ 12 (March 31, 2017 - ₹ 3). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.



11. Current investments

Quoted

Investment in mutual funds

Axis Liquid Fund - Growth 95,973 units (March 31, 2017 - Nil units)	185	-
Birla Sun Life Short Term Fund- Growth Nil units (March 31, 2017 - 14,572,296 units)	-	907
DHFL Pramerica Banking and PSU Debt Fund - Growth Nil units (March 31, 2017 - 6,602,593 units)	-	93
DHFL Pramerica Insta Cash Plus Fund - Growth 975,628 units (March 31, 2017 - Nil units)	220	-
DSP BlackRock Liquidity Fund- Growth 185,067 units (March 31, 2017 - Nil units)	460	-
Edelweiss Banking and PSU Debt Fund - Growth Nil units (March 31, 2017 - 20,407,166 units)	-	276
HDFC Medium Term Opportunities Fund - Growth Nil units (March 31, 2017 - 27,762,046 units)	-	503
HDFC Short Term Opportunities Fund - Growth Nil units (March 31, 2017 - 22,489,571 units)	-	405
ICICI Prudential Money Market Fund - Growth 2,800,127 units (March 31, 2017 - Nil units)	673	-
ICICI Prudential Money Market Fund - Growth 418,173 units (March 31, 2017 - Nil units)	100	-
Invesco India Liquid Fund - Growth 266,929 units (March 31, 2017 - Nil units)	639	-
Invesco India Liquid Fund - Daily Dividend 102,502 units (March 31, 2017 - Nil units)	103	-
Reliance Banking and PSU Debt Fund - Growth Nil units (March 31, 2017 - 72,201,894 units)	-	851
Tata Money Market Fund Regular Plan - Growth 114,178 units (March 31, 2017 - Nil units)	311	-
UTI - Money Market Fund - Institutional Plan - Growth 172,751 units (March 31, 2017 - Nil units)	337	-
UTI - Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment Nil units (March 31, 2017 - 91,862 units)	-	92
UTI - Money Market Fund - Institutional Plan - Daily Dividend Reinvestment 51,347 units (March 31, 2017 - Nil units)	51	-
	3,079	3,127

Unquoted

In others:

(a) Inter corporate deposits with financial institutions	-	2,120
(b) Debentures or bonds*		
LIC Housing Finance Co Ltd - 700 (March 31, 2017 - Nil) 7.51% bonds at ₹ 1,001,120 each, par value ₹ 1,000,000 each	701	-
HDFC Ltd - 75 (March 31, 2017 - Nil) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	758	-
	1,459	-
	<b>4,538</b>	<b>5,247</b>
Aggregate value of quoted investments	3,079	3,127
Aggregate value of unquoted investments	1,459	2,120

\* Classified from non-current. Refer note 6.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017
<b>12. Trade receivables</b>		
Unsecured, considered good [refer note 32]	7,399	7,982
Doubtful	73	58
	<u>7,472</u>	<u>8,040</u>
Allowance for credit loss	(73)	(58)
	<u><b>7,399</b></u>	<u><b>7,982</b></u>
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of board of directors.	13	4
The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 36.		
<b>13. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	885	3,410
On unpaid dividend account	6	6
<b>Total cash and cash equivalents</b>	<u><b>891</b></u>	<u><b>3,416</b></u>
<b>Other bank balances</b>		
Deposits with maturity of less than 12 months	1,075	410
Margin money deposit [refer note (a) below]	3	3
<b>Total other bank balances</b>	<u><b>1,078</b></u>	<u><b>413</b></u>
<b>Total cash and bank balances</b>	<u><b>1,969</b></u>	<u><b>3,829</b></u>

(a) Margin money deposits with carrying amount of ₹ 3 (March 31, 2017 - ₹ 3) are subject to first charge against bank guarantees obtained.

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

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017
<b>14(a) Equity share capital</b>		
<b>Authorised</b>		
600,000,000 (March 31, 2017 - 220,000,000) equity shares of ₹ 5 each (March 31, 2017 - ₹ 5 each)	3,000	1,100
<b>Issued, subscribed and fully paid-up</b>		
600,000,000 (March 31, 2017 - 200,000,000) equity shares of ₹ 5 each (March 31, 2017 - ₹ 5 each)	3,000	1,000

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

Equity shares	March 31, 2018		March 31, 2017	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issue of bonus shares	400,000,000	2,000	-	-
<b>Outstanding at the end of the year</b>	<b>600,000,000</b>	<b>3,000</b>	<b>200,000,000</b>	<b>1,000</b>

**(ii) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

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

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

	March 31, 2018		March 31, 2017	
	No.	% holding	No.	% holding
<b>Equity shares of ₹ 5 each fully paid</b>				
Dr Kiran Mazumdar-Shaw	237,862,692	39.64%	79,287,564	39.64%
Glentec International Limited	118,605,582	19.77%	39,535,194	19.77%

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

**(iv) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 30.

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

Particulars	Year ended March 31				
	2018	2017	2016	2015	2014
Equity shares of ₹ 5 each	400,000,000	-	-	-	-

The Company has allotted 400,000,000 equity shares of ₹ 5 each fully paid up as bonus shares on June 19, 2017 in the ratio of 2:1 (two equity shares of ₹ 5 each for every one equity share of ₹ 5 each held in the Company as on the record date i.e. June 17, 2017) by capitalisation of securities premium account. In accordance with Ind AS 33, Earnings per share, the Earnings per share data has been adjusted to give effect to the bonus issue.

**14(b) Other equity**

**Securities premium reserve**

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

**General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**Retained earnings**

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

**SEZ Re-Investment Reserve**

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

**Share based payment reserve**

The Company has established equity settled share based payment plans for certain categories of employees of the Company. Refer note 30 for further details on these plans.

**Treasury shares**

Own equity instruments that are reacquired [treasury shares] are recognised at cost and is disclosed as a deduction from equity.

**Cash flow hedging reserves**

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

	March 31, 2018	March 31, 2017
<b>15. Long-term borrowings</b>		
<b>Loans from banks (secured)</b>		
Term loan [refer note (a) below]	1,302	1,296
<b>Other loans and advances (unsecured)</b>		
NMITLI - CSIR Loan [refer note (b) below]	-	1
Financial assistance from DSIR [refer note (c) below]	-	3
Financial assistance from DST [refer note (d) below]	28	35
	<u>1,330</u>	<u>1,335</u>
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(658)	(11)
	<u><b>672</b></u>	<u><b>1,324</b></u>
<b>The above amount includes</b>		
Secured borrowings	1,302	1,296
Unsecured borrowings	28	39
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(658)	(11)
<b>Net amount</b>	<u><b>672</b></u>	<u><b>1,324</b></u>

(a) During the year ended March 31, 2016, the Company had obtained an external commercial borrowing facility of USD 20 million from a bank. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility with a carrying amount of ₹ 1,478. The long-term loan is repayable in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carries an interest rate of LIBOR + 0.95% p.a. During the year ended March 31, 2016, the Company had entered into interest rate swap to convert floating rate to fixed rate.

(b) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹ 3 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual instalments of ₹ 0.3 starting from April 2009 and carry an interest rate of 3% p.a.

(c) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to the Company for part financing one of its research projects. The assistance is repayable in the form of royalty payments for three years post commercialisation of the project in five equal annual instalments of ₹ 3 each, starting from April 1, 2013.

(d) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3% p.a.

(e) In respect of the financial assistance received under the aforesaid programmes (refer note (b) to (d) above), the Company is required to utilise the funds for the specified projects and is required to obtain prior approvals from the said authorities for disposal of assets/Intellectual property rights acquired/developed under the above programmes.

The Company's exposure to liquidity, interest rate and currency risks are disclosed in note 36.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017	
<b>16. Other financial liabilities</b>			
<b>(a) Non-current</b>			
Fair value of hedging instruments	5	-	
Interest accrued but not due	2	2	
	<b>7</b>	<b>2</b>	
<b>(b) Current</b>			
Current maturities of long-term borrowings [refer note 15]	658	11	
Unpaid dividends	6	6	
Payables for capital goods	454	646	
Book overdraft	-	501	
Fair value of hedging instruments	12	-	
	<b>1,130</b>	<b>1,164</b>	
<b>17. Provisions</b>			
<b>(a) Non-current</b>			
Provision for employee benefits			
Gratuity [refer note 35]	172	133	
	<b>172</b>	<b>133</b>	
<b>(b) Current</b>			
Provision for employee benefits			
Gratuity [refer note 35]	95	88	
Compensated absences	85	96	
Provision for sales return	136	136	
	<b>316</b>	<b>320</b>	
<b>(i) Movement in provisions</b>			
	<b>Gratuity</b>	<b>Compensated absences</b>	<b>Sales return</b>
Opening balance	221	96	136
Provision recognised/(utilised) during the year	46	(11)	-
Closing balance	267	85	136

	March 31, 2018	March 31, 2017
<b>18. Deferred tax liability/(assets) (net)</b>		
<b>Deferred tax liability</b>		
Property, plant and equipment, investment property and intangible assets	551	523
Derivative asset	15	46
<b>Gross deferred tax liability</b>	<b>566</b>	<b>569</b>
<b>Deferred tax assets</b>		
Employee benefit obligations	124	110
Allowance for doubtful debts	26	20
Other disallowable expenses	179	169
MAT credit entitlement	1,132	1,194
Others	127	130
<b>Gross deferred tax assets</b>	<b>1,588</b>	<b>1,623</b>
<b>Net deferred tax liability/(assets)</b>	<b>(1,022)</b>	<b>(1,054)</b>

	March 31, 2018	March 31, 2017
<b>19. Other liabilities</b>		
<b>(a) Non-current</b>		
Deferred revenues	716	767
	<b>716</b>	<b>767</b>
<b>(b) Current</b>		
Deferred revenues	99	113
Advances from customers	132	82
Statutory taxes and dues payable	102	91
	<b>333</b>	<b>286</b>
<b>20. Trade payables</b>		
Trade payables [refer note (a) below and note 32]	<b>5,797</b>	<b>4,505</b>
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year		
Principal amount due to micro and small enterprises	173	120
Interest due on the above	1	3
(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	641	328
(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	41	31
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers.		
(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 36.		

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	Year ended March 31, 2018	Year ended March 31, 2017
<b>21. Revenue from operations</b>		
Sale of products		
Finished goods	20,529	22,174
Traded goods	1,582	1,583
Sale of services		
Licensing and development fees	42	329
Other operating revenue		
Sale of process waste	125	127
Others [refer note (a) below]	1,977	1,971
<b>Revenue from operations</b>	<b>24,255</b>	<b>26,184</b>
(a) Others include processing charges, rentals and cross charge of power and other facilities by the SEZ Developer/SEZ unit of the Company.		
<b>22. Other income</b>		
Interest income on:		
Deposits with banks and financial institutions	71	523
Others	266	146
Dividend income from		
Subsidiaries	145	-
Current investments	-	13
Net gain on sale of current investments	291	39
Net gain on financial assets measured at fair value through profit or loss	-	69
Profit on fixed assets sold, (net)	30	-
Foreign exchange gain, net	174	-
Other non-operating income	270	198
	<b>1,247</b>	<b>988</b>
<b>23. Cost of raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	1,374	1,489
Add: Purchases	9,790	9,800
Less: Inventory at the end of the year	(1,577)	(1,374)
Cost of raw materials and packing materials consumed	<b>9,587</b>	<b>9,915</b>
<b>24. Changes in inventories of traded goods, finished goods and work-in-progress</b>		
Inventory at the beginning of the year		
Traded goods	223	262
Finished goods	1,305	1,726
Work-in-progress	2,494	1,569
	<b>4,022</b>	<b>3,557</b>
Inventory at the end of the year		
Traded goods	292	223
Finished goods	1,325	1,305
Work-in-progress	2,423	2,494
	<b>4,040</b>	<b>4,022</b>
	<b>(18)</b>	<b>(465)</b>
<b>25. Employee benefits expense</b>		
Salaries, wages and bonus	3,464	3,091
Contribution to provident and other funds	159	134
Gratuity [refer note 35]	46	39
Share based compensation expense [refer note 30]	124	125
Staff welfare expenses	293	261
	<b>4,086</b>	<b>3,650</b>

	Year ended March 31, 2018	Year ended March 31, 2017
<b>26. Finance costs</b>		
Interest expense on financial liability measured at amortised cost	10	38
	<b>10</b>	<b>38</b>
<b>27. Depreciation and amortisation expense</b>		
Depreciation of tangible assets [refer note 3 and 4]	1,273	1,425
Amortisation of intangible assets [refer note 5]	88	81
	<b>1,361</b>	<b>1,506</b>
<b>28. Other expenses</b>		
Royalty and technical fees	53	36
Rent	24	16
Communication expenses	36	38
Travelling and conveyance	310	292
Professional charges	299	257
Payments to auditors [refer note (a) below]	6	6
Directors' fees including commission	18	19
Power and fuel	1,610	1,456
Insurance	54	27
Rates, taxes and fees	175	197
Lab consumables	255	327
Repairs and maintenance		
Plant and machinery	642	536
Buildings	142	107
Others	335	290
Selling expenses		
Freight outwards and clearing charges	219	243
Sales promotion expenses	477	474
Commission and brokerage (other than sole selling agents)	5	247
Provision/(reversal) of doubtful debts, net	15	16
Foreign exchange fluctuation, net	-	239
Net loss on financial assets measured at fair value through profit or loss	39	-
Printing and stationery	35	35
Research and development expenses [refer note 29]	1,547	920
CSR expenditure [refer note 40]	88	90
Miscellaneous expenses	95	95
	<b>6,479</b>	<b>5,963</b>
<b>(a) Payments to auditors:</b>		
As auditor:		
Statutory audit fee	3	3
Tax audit fee	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees)	1	1
Reimbursement of out-of-pocket expenses [refer note (b) below]	-	-
	<b>6</b>	<b>6</b>

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



		Year ended March 31, 2018	Year ended March 31, 2017
<b>29. Research and development expenses</b>			
Research and development expenses	(a)	1,547	920
Other Research and development expenses included in other heads of account:			
Salaries, wages and bonus		198	201
Contribution to provident and other funds		10	9
Staff welfare expenses		2	2
Lab consumables		255	324
Travelling and conveyance		2	4
Professional charges		-	1
Printing and stationery		1	-
	(b)	468	541
	(a+b)	2,015	1,461
Less: Recovery of cost from co-development partners (net)		(49)	(4)
		<b>1,966</b>	<b>1,457</b>

### 30. Employee stock compensation

#### (a) Biocon ESOP Plan

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries/joint venture company. The Company recognises the cost towards the options granted to the employees of the subsidiaries/joint venture company through equity settled method. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

#### Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's shares on the date of grant.

#### Details of Grant IV

Particulars	March 31, 2018		March 31, 2017	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	3,500	231
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	2,500	231
Expired during the year	-	-	1,000	231
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-
Range of exercise prices for outstanding options at the end of year	-	-	-	-

#### Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

## Details of Grant V

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,487,586	119	791,875	343
Granted during the year	-	-	-	-
Forfeited during the year	149,250	122	74,625	344
Exercised during the year	615,339	111	221,388	307
Expired during the year	52,500	90	-	-
Outstanding at the end of the year	670,497	126	495,862	357
Exercisable at the end of the year	180,747	105	135,175	312
Weighted average remaining contractual life (in years)	1.7	-	2.5	-
Range of exercise prices for outstanding options at the end of year	80-157	-	221-471	-

\*adjusted for the effect of bonus shares

## Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,883,714	157	1,185,839	470
Granted during the year	-	-	95,000	477
Forfeited during the year	226,125	157	61,600	470
Exercised during the year	936,475	157	258,001	471
Expired during the year	5,064	157	-	-
Outstanding at the end of the year	1,716,050	157	961,238	471
Exercisable at the end of the year	459,989	157	125,026	470
Weighted average remaining contractual life (in years)	1.4	-	2.3	-
Weighted average fair value of options granted (₹)	-	-	156	-
Range of exercise prices for outstanding options at the end of year	157-166	-	470-493	-

\*adjusted for the effect of bonus shares

## Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	3,660,600	161	1,275,500	461
Granted during the year	105,000	194	200,000	605
Forfeited during the year	477,750	154	238,500	392
Exercised during the year	185,125	155	16,800	457
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,102,725	161	1,220,200	482
Exercisable at the end of the year	24,725	152	9,450	457
Weighted average remaining contractual life (in years)	4.2	-	5.2	-
Weighted average fair value of options granted (₹)	80	-	251	-
Range of exercise prices for outstanding options at the end of year	138-247	-	415-741	-

\*adjusted for the effect of bonus shares

### Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing price as per National Stock Exchange as on the last day of the month preceding the month of first grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	784,500	153	312,500	459
Granted during the year	90,000	215	55,000	457
Forfeited during the year	31,500	152	105,000	457
Exercised during the year	115,500	152	1,000	457
Expired during the year	-	-	-	-
Outstanding at the end of the year	727,500	161	261,500	460
Exercisable at the end of the year	66,750	154	16,750	457
Weighted average remaining contractual life (in years)	3.2	-	3.8	-
Weighted average fair value of options granted (₹)	89	-	149	-
Range of exercise prices for outstanding options at the end of year	151-247	-	457-481	-

\*adjusted for the effect of bonus shares

### Grant IX

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,402,500	165	-	-
Granted during the year	1,695,000	194	472,500	495
Forfeited during the year	352,500	165	5,000	467
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,745,000	183	467,500	496
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	7.9	-	8.9	-
Weighted average fair value of options granted (₹)	242	-	617	-
Range of exercise prices for outstanding options at the end of year	138-315	-	415-566	-

\*adjusted for the effect of bonus shares

### Grant X

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	611,250	131	-	-
Granted during the year	945,000	182	255,000	388
Forfeited during the year	28,500	146	51,250	373
Exercised during the year	42,000	130	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,485,750	163	203,750	392
Exercisable at the end of the year	20,625	139	-	-
Weighted average remaining contractual life (in years)	3.9	-	4.3	-
Weighted average fair value of options granted (₹)	213	-	442	-
Range of exercise prices for outstanding options at the end of year	124-307	-	371-467	-

\*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2018 is ₹ 428 (March 31, 2017 - ₹ 870) per share after adjusting for the impact of bonus shares granted during the year.

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

Particulars	March 31, 2018	March 31, 2017
Weighted Average Exercise Price	153-315	388-605
Expected volatility	30.3% to 34.5%	29.5% to 33.4%
Historical volatility	35.3%	34.3%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Average risk-free interest rate	6.9%	7.1%
Expected dividend rate	1.1%	1.1%

Expected volatility is based on historical volatility of the market price of the Company's publicly traded equity shares during the expected term of the option grant.

#### (b) RSU Plan 2015

On March 11, 2015, Biocon's Remuneration Committee approved the Biocon - Restricted Stock Units (RSUs) of Syngene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries other than Syngene. The Remuneration Committee administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employee Welfare Trust. For this purpose, on March 31, 2015, the Company transferred 2,000,000 equity shares of Syngene to Biocon Limited Employees Welfare Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2018		March 31, 2017	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,296,552	-	1,231,803	-
Granted during the year	122,619	-	193,454	-
Forfeited during the year	172,424	-	117,963	-
Exercised during the year	197,353	-	10,742	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,049,394	-	1,296,552	-
Exercisable at the end of the year	69,958	-	92,320	-
Weighted average remaining contractual life (in years)	3.4	-	4.1	-
Weighted average fair value of options granted (₹)	502	-	468	-

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

Particulars	March 31, 2018	March 31, 2017
Weighted Average Exercise Price	-	-
Expected volatility	47.6%-52.9%	29.9% - 44.3%
Life of the options granted (vesting and exercise period) in years	5.0-6.5	5.0-6.5
Average risk-free interest rate	6.9%	7.1%
Expected dividend rate	0.3%	0.3%

	March 31, 2018	March 31, 2017
<b>Summary of movement in respect of shares held by ESOP Trust is as follows:</b>		
Opening balance	10,589,610	3,876,828
Add: Shares purchased by the ESOP trust	309,876	152,731
Less: Shares exercised by employees	(1,894,439)	(499,689)
Closing balance	9,005,047	3,529,870
Options granted and eligible for exercise at end of the year	752,836	286,401
Options granted but not eligible for exercise at end of the year	<b>9,694,686</b>	<b>3,323,649</b>
*adjusted for the effect of bonus shares		

<b>Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:</b>		
Opening balance	1,989,258	2,000,000
Less: Shares exercised by employees	(197,353)	(10,742)
Closing balance	<b>1,791,905</b>	<b>1,989,258</b>

	March 31, 2018	March 31, 2017
<b>31. Earnings per share (EPS)</b>		
Earnings		
Profit for the year	2,385	5,193
Shares		
Basic outstanding shares	600,000,000	600,000,000
Less: Weighted average shares held with the ESOP Trust	(10,051,402)	(11,106,587)
<b>Weighted average shares used for computing basic EPS</b>	<b>589,948,598</b>	<b>588,893,413</b>
Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	3,965,858	4,129,461
<b>Weighted average shares used for computing diluted EPS</b>	<b>593,914,456</b>	<b>593,022,874</b>
<b>Earnings per share</b>		
Basic (in ₹)	4.04	8.82
Diluted (in ₹)	4.02	8.76

\*adjusted for the effect of bonus shares. Refer note 14.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## 32. Related party transactions

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

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2017 to March 31, 2018 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2018 (Payable)/ Receivable/ Others	April 1, 2016 to March 31, 2017 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable/ Others
<b>A. Remuneration paid to Key Management Personnel [refer note (g) below]</b>							
1	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(23)	-	(20)	-
2	John Shaw	Vice-Chairman & Director	Salary and perquisites	(6)	-	(17)	-
3	Arun Chandavarkar	Joint Managing Director & CEO	Salary and perquisites	(38)	-	(33)	-
4	Siddharth Mittal	President - Finance & Chief Financial Officer	Salary and perquisites	(22)	-	(20)	-
5	Kiran Kumar	Company Secretary (upto Dec 15, 2016)	Salary and perquisites	-	-	(7)	-
6	Rajiv Balakrishnan	Company Secretary (w.e.f. Jan 24, 2017 upto March 2, 2018)	Salary and perquisites	(4)	-	(1)	-
<b>B. Remuneration paid to other Directors</b>							
	Russell Walls	Independent director	Sitting fees and commission	(4)	-	(4)	-
	Daniel M Bradbury	Independent director	Sitting fees and commission	(3)	-	(3)	-
	Jeremy M Levin	Independent director	Sitting fees and commission	(3)	-	(4)	-
	Mary Harney	Independent director	Sitting fees and commission	(4)	-	(3)	-
	Vijay K Kuchroo	Independent director	Sitting fees and commission	(2)	-	(2)	-
	M Damodaran	Independent director	Sitting fees and commission	(2)	-	(2)	-
	Ravi Mazumdar	Non-executive director	Sitting fees	(0)	-	(0)	-
<b>C. Others</b>							
7	Syngene International Limited	Subsidiary	Power and facility charges recovered [refer note (b) below]	570	-	466	-
			Rent income [refer note (b) below]	65	-	47	-
			Dividend income	145	-	-	-
			Expenses incurred on behalf of the related party [refer note (a) below]	32	-	49	-
			Sale of goods/other products	3	-	4	-
			Research services received	(187)	-	(89)	-
			Other receivables	-	284	-	125
			Trade payables	-	(254)	-	(53)
			Guarantee given on behalf of related party to Customs & Excise Department ('CED')	-	148	-	148

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2017 to March 31, 2018 Income/(Expenses)/Other transactions	Balance as at March 31, 2018 (Payable)/Receivable/Other	April 1, 2016 to March 31, 2017 Income/(Expenses)/Other transactions	Balance as at March 31, 2017 (Payable)/Receivable/Other
8	Biocon Research Limited	Wholly-owned subsidiary	Rent income [refer note (b) below]	52	-	42	-
			Power and facility charges recovered [refer note (b) below]	60	-	63	-
			Purchase of export incentive scrips	(181)	-	-	-
			Research services received	(684)	-	(243)	-
			Sale of goods	-	-	6	-
			Other receivables	-	164	-	50
			Royalty expense	(32)	-	(16)	-
			Interest on loans	137	28	121	-
			Expenses incurred on behalf of the related party [refer note (a) below]	40	-	-	-
			Trade payables	-	(202)	-	(63)
			Loans given, net [refer note (i) below]	(290)	1,633	468	1,923
9	Biocon SA	Wholly-owned subsidiary	Cross charges towards facility and other expenses	71	-	197	-
			Expenses incurred by related party on behalf of the Company	-	-	(25)	-
			Trade receivable	-	40	-	157
10	Biocon Sdm.Bhd.	Wholly-owned subsidiary of Biocon Biologics Limited	Expenses incurred on behalf of the related party [refer note (a) below]	20	-	8	-
			Sale of goods	7	-	64	-
			Purchase of goods	(5)	-	(218)	-
			Expenses incurred by the related party on behalf of the Company	(2)	-	-	-
			Other operating income	205	-	9	-
			Guarantee income	30	-	29	-
			Trade payables	-	(35)	-	(274)
			Trade receivables	-	190	-	125
			Other receivables	-	213	-	505
			Guarantee given by the Company to banks on behalf of related party loan facility	-	11,614	-	12,330
11	NeoBiocon FZ LLC	Joint-venture	Sale of goods	18	-	39	-
			Expenses incurred on behalf of the related party	1	-	-	-
			Trade receivables	-	13	-	2
			Other receivable	-	1	-	-
			Rent expenses	-	(1)	-	(1)
12	Glentec International Limited	Enterprise owned by key management personnel					

Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2017 to March 31, 2018 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2018 (Payable)/ Receivable/ Others	April 1, 2016 to March 31, 2017 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable/ Others
13	Biocon Pharma Limited	Wholly-owned subsidiary	Investment in equity shares	20	-	70	-
			Expenses incurred on behalf of the related party [refer note (a) below]	91	-	7	-
			Power and facility charges recovered	99	-	-	-
			Rent income	3	-	-	-
			Sale of goods	66	-	-	-
			Interest on loans	10	9	4	-
			Loans given, net [refer note (i) below]	581	774	(129)	-
			Other receivables	-	59	-	5
			Guarantee given by the Company to banks on behalf of related party loan facility	-	1,302	-	1,296
14	Biocon Biologics Limited	Wholly-owned subsidiary	Investment in equity shares	5,241	-	-	-
			Sale of goods	324	-	522	-
			Cross charges towards other expenses	837	-	1,093	-
			Trade receivables	-	812	-	1,746
			Trade payables	-	-	-	(5)
15	Biocon FZ LLC	Wholly-owned subsidiary	Expenses incurred on behalf of the related party	4	-	-	-
			Sale of goods	15	-	-	-
			Other receivables	-	4	-	-
			Trade receivables	-	7	-	-
16	Biocon Pharma Inc	Wholly-owned subsidiary of Biocon Pharma Limited	Expenses incurred on behalf of the related party	1	-	35	-
			Sale of goods	38	-	-	-
			Other receivables	-	1	-	35
			Trade receivables	-	38	-	-
17	Biocon Academy	Wholly-owned subsidiary	CSR Expenditure	(40)	-	(30)	-
18	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR Expenditure	(48)	-	(60)	-
19	Narayana Hrudayalaya Limited [formerly known as Narayana Hrudayalaya Private Limited]	Enterprise in which a director of the Company is a member of board of directors	Sale of goods	72	-	41	-
			Trade receivables	-	13	-	4



Sl. No.	Name of the related party	Relationship	Description of transaction	April 1, 2017 to March 31, 2018 Income/(Expenses)/Other transactions	Balance as at March 31, 2018 (Payable)/Receivable/Other	April 1, 2016 to March 31, 2017 Income/(Expenses)/Other transactions	Balance as at March 31, 2017 (Payable)/Receivable/Other
20	Biocon Biologics India Limited	Wholly-owned subsidiary of Biocon Biologics Limited	Expenses incurred on behalf of the related party	3	-	-	-
			Interest on loans	10	9	-	-
			Loans given, net [refer note (i) below]	407	410	-	-
			Guarantee given by the Company to banks on behalf of related party	-	547	-	-
21	Biocon Healthcare Sdn Bhd	Wholly-owned subsidiary	Investments in equity shares	15	-	-	-
22	Jeeves	Firm in which relative of director is interested	Laundry charges	(28)	-	(21)	-
(a)	Expenses incurred on behalf of the related party include recharge of software license fees and amount paid on behalf to vendors.						
(b)	The Company's SEZ Developer division has entered into agreements to lease land and provide certain facilities such as power, utilities etc to SEZ units of Biocon Research Limited, Biocon Pharma Limited and Syngene International Limited, in respect of which the Company recovers rent and facilities usage charges.						
(c)	The Company has paid rent to P K Associates, a proprietary firm of relative of Director, which is not disclosed above since the amounts are rounded off to Rupees million.						
(d)	During the year, there is no transaction with Biocon India Limited Employees Welfare Trust (trust in which key management personnel were the Board of Trustees).						
(e)	The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.						
(f)	The remuneration to key management personnel doesn't include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.						
(g)	Share based compensation expense allocable to key management personnel is ₹ 22 (March 31, 2017 - ₹ 5), which is not included in the remuneration disclosed above.						
(h)	All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.						
(i)	The loans to related parties is presented net of repayments due to multiple transactions.						

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017
<b>33. Tax expense</b>		
<b>(a) Amount recognised in Statement of profit and loss</b>		
Current tax	606	1,269
Deferred tax expense/(income) related to:		
MAT credit entitlement	62	(1,172)
Origination and reversal of other temporary differences	5	72
<b>Tax expense for the year</b>	<b>673</b>	<b>169</b>
<b>(b) Reconciliation of effective tax rate</b>		
Profit before tax	3,058	5,362
Tax at statutory income tax rate 34.61% (March 31, 2017 - 34.61%)	1,058	1,856
<i>Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Weighted deduction on research and development expenditure	(294)	(520)
Exempt income and other deductions	(324)	(254)
Non-deductible expense	97	74
Tax on exceptional item	-	(1,042)
Basis difference that will reverse during the tax holiday period	11	22
Others	125	33
<b>Income tax expense</b>	<b>673</b>	<b>169</b>
<b>(c) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	238	238
Potential tax impact	24	24
Expiry date [Financial year]	2022-23 to 2023-24	2022-23 to 2023-24

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

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

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

<b>For the year ended March 31, 2018</b>	<b>Opening balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in OCI</b>	<b>Closing balance</b>
<b>Deferred tax liability</b>				
Property, plant and equipment, investment property and intangible assets	523	28	-	551
Derivative assets	46	-	(31)	15
<b>Gross deferred tax liability</b>	<b>569</b>	<b>28</b>	<b>(31)</b>	<b>566</b>
<b>Deferred tax assets</b>				
Defined benefit obligations	110	10	4	124
Allowance for doubtful debts	20	6	-	26
Other disallowable expenses	169	10	-	179
MAT credit entitlement	1,194	(62)	-	1,132
Others	130	(3)	-	127
<b>Gross deferred tax assets</b>	<b>1,623</b>	<b>(39)</b>	<b>4</b>	<b>1,588</b>
	<b>1,054</b>	<b>(67)</b>	<b>35</b>	<b>1,022</b>

<b>For the year ended March 31, 2017</b>	<b>Opening balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in OCI</b>	<b>Closing balance</b>
<b>Deferred tax liability</b>				
Property, plant and equipment, investment property and intangible assets	558	(35)	-	523
Derivative assets	-	-	46	46
<b>Gross deferred tax liability</b>	<b>558</b>	<b>(35)</b>	<b>46</b>	<b>569</b>
<b>Deferred tax assets</b>				
Defined benefit obligations	86	15	9	110
Allowance for doubtful debts	14	6	-	20
Other disallowable expenses	145	24	-	169
Deferred revenue	162	(162)	-	-
MAT credit entitlement	22	1,172	-	1,194
Derivative liability	1	-	(1)	-
Others	119	11	-	130
<b>Gross deferred tax assets</b>	<b>549</b>	<b>1,066</b>	<b>8</b>	<b>1,623</b>
	<b>(9)</b>	<b>1,101</b>	<b>(38)</b>	<b>1,054</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017
<b>34. Contingent liabilities and commitments</b>		
(to the extent not provided for)		
<b>(i) Contingent liabilities:</b>		
(a) Claims against the Company not acknowledged as debt	3,295	2,893
The above includes:		
(i) Direct taxation	1,976	1,950
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty, service tax, VAT and CST)	925	550
(iii) Other litigations	394	393
Other than the matters disclosed above, the Company is also involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that the resolution of these proceedings will not have any material adverse effect on the Company's financial position or results of operations.		
	March 31, 2018	March 31, 2017
(b) Guarantees		
(i) Corporate guarantees given in favour of the Central Excise Department in respect of certain performance obligations of the subsidiaries		
Syngene International Limited	148	148
(ii) Corporate guarantees given in favour of banks towards loans obtained by subsidiaries/step-down subsidiaries		
Biocon Sdn. Bhd.	11,614	12,330
Biocon Pharma Limited	1,302	1,296
Biocon Biologics India Limited	547	-
<b>Total</b>	<b>13,463</b>	<b>13,626</b>
(iii) Guarantees given by banks on behalf of the Company for contractual obligations of the Company. The necessary terms and conditions have been complied with and no liabilities have arisen.	19	18
<b>(ii) Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,052	401
(b) Operating lease commitments		
Where the Company is a lessee:		
(i) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period upto January, 2022. Gross rental expenses for the year aggregate to ₹ 5 (March 31, 2017 - ₹ 16).		
The committed lease rentals in future are as follows:		
Not later than one year	1	19
Later than one year and not later than five years	2	22

### 35. Employee benefit plans

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

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on April 01, 2017</b>	279	(58)	221
Current service cost	31	-	31
Interest expense/(income)	19	(4)	15
<b>Amount recognised in Statement of profit and loss</b>	<b>50</b>	<b>(4)</b>	<b>46</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	(8)	-	(8)
Experience adjustment	18	-	18
<b>Amount recognised in other comprehensive income</b>	<b>10</b>	<b>1</b>	<b>11</b>
Employers contribution	-	(11)	(11)
Benefits paid	(17)	17	-
<b>Balance as at March 31, 2018</b>	<b>322</b>	<b>(55)</b>	<b>267</b>
<b>Balance as on April 01, 2016</b>	229	(61)	168
Current service cost	27	-	27
Interest expense/(income)	17	(5)	12
<b>Amount recognised in Statement of profit and loss</b>	<b>44</b>	<b>(5)</b>	<b>39</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(2)	(2)
Actuarial (gain)/loss arising from:			
Demographic assumptions	(3)	-	(3)
Financial assumptions	9	-	9
Experience adjustment	23	-	23
<b>Amount recognised in other comprehensive income</b>	<b>29</b>	<b>(2)</b>	<b>27</b>
Employers contribution	-	(13)	(13)
Benefits paid	(23)	23	-
<b>Balance as at March 31, 2017</b>	<b>279</b>	<b>(58)</b>	<b>221</b>
		<b>March 31, 2018</b>	<b>March 31, 2017</b>
Non-current		172	133
Current		95	88
		<b>267</b>	<b>221</b>

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

	March 31, 2018	March 31, 2017
Interest rate	7.4%	6.9%
Discount rate	7.4%	6.9%
Expected return on plan assets	7.4%	6.9%
Salary increase	9.0%	9.0%
Attrition rate	14% - 30%	14% - 30%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 6 years (March 31, 2017 - 8 years).

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

## (iii) Sensitivity analysis

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

Particulars	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate	(15)	16	(13)	14
Salary increase	16	(15)	14	(13)
Attrition rate	(2)	2	(2)	3

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

As of March 31, 2018 and March 31, 2017, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2019, is approximately ₹ 55 (March 31, 2018 - ₹ 51)

**Maturity profile of defined benefit obligation**

Particulars	₹ Million
1st Following year	55
2nd Following year	36
3rd Following year	49
4th Following year	35
5th Following year	29
Years 6 to 10	130
Years 11 and above	299

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

### 36. Financial instruments: Fair value and risk managements

#### A. Accounting classification and fair values

March 31, 2018	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Non-current investments	-	-	-	-	-	-	-	-
Loans	-	-	2,817	2,817	-	-	-	-
Current investments	3,079	-	1,459	4,538	3,079	-	-	3,079
Trade receivables	-	-	7,399	7,399	-	-	-	-
Cash and bank balances	-	-	1,969	1,969	-	-	-	-
Other financial asset	-	65	1,073	1,138	-	65	-	65
	<b>3,079</b>	<b>65</b>	<b>14,717</b>	<b>17,861</b>	<b>3,079</b>	<b>65</b>	-	<b>3,144</b>
<b>Financial liabilities</b>								
Borrowings	-	-	1,330	1,330	-	-	-	-
Trade payables	-	-	5,797	5,797	-	-	-	-
Other financial liabilities	-	17	462	479	-	17	-	17
	-	<b>17</b>	<b>7,589</b>	<b>7,606</b>	-	<b>17</b>	-	<b>17</b>

March 31, 2017	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Non-current investments	-	-	1,459	1,459	-	-	-	-
Loans	-	-	1,923	1,923	-	-	-	-
Current investments	3,127	-	2,120	5,247	3,127	-	-	3,127
Trade receivables	-	-	7,982	7,982	-	-	-	-
Cash and bank balances	-	-	3,829	3,829	-	-	-	-
Other financial asset	-	142	1,084	1,226	-	142	-	142
	<b>3,127</b>	<b>142</b>	<b>18,397</b>	<b>21,666</b>	<b>3,127</b>	<b>142</b>	-	<b>3,269</b>
<b>Financial liabilities</b>								
Borrowings	-	-	1,335	1,335	-	-	-	-
Trade payables	-	-	4,505	4,505	-	-	-	-
Other financial liabilities	-	-	1,155	1,155	-	-	-	-
	-	-	<b>6,995</b>	<b>6,995</b>	-	-	-	-

#### B. Measurement of fair values

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

##### Sensitivity analysis

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

Significant observable inputs	March 31, 2018 Profit or (loss)		March 31, 2017 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(7)	7	(31)	31
Interest rates (100 bps movement)	(33)	33	(38)	38

#### C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

##### (i) Risk management framework

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

**(ii) Credit risk**

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

Customer credit risk is managed by each business unit subject to Company's established policy, procedures and control relating to customer credit risk management. The Audit and Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 7,399 (March 31, 2017- ₹ 7,982). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	March 31, 2018	March 31, 2017
Opening balance	58	42
Impairment loss recognised/(reversed)	15	16
Closing balance	<b>73</b>	<b>58</b>

Receivable from one customer of the Company's trade receivables is ₹ 1,281 (March 31, 2017 - ₹ 785) which is more than 10 percent of the Company's total trade receivables.

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

**(iii) Liquidity risk**

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 7 years	Total
Long-term borrowings	658	658	14	-	1,330
Trade payables	5,797	-	-	-	5,797
Other financial liabilities	472	7	-	-	479
<b>Total</b>	<b>6,927</b>	<b>665</b>	<b>14</b>	<b>-</b>	<b>7,606</b>

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	5 - 7 years	Total
Long-term borrowings	11	655	669	-	1,335
Trade payables	4,505	-	-	-	4,505
Other financial liabilities	1,153	2	-	-	1,155
<b>Total</b>	<b>5,669</b>	<b>657</b>	<b>669</b>	<b>-</b>	<b>6,995</b>

**(iv) Market risk**

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

**Foreign currency risk**

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



The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

March 31, 2018	USD	EUR	Others	Total
<b>Financial assets</b>				
Loans	-	-	-	-
Trade receivables	4,079	275	-	4,354
Cash and cash equivalents	713	79	19	811
Other non-current financial assets	-	-	-	-
Other current financial assets	219	-	-	219
<b>Financial liabilities</b>				
Long-term borrowings	(1,302)	-	-	(1,302)
Short-term borrowings	-	-	-	-
Trade payables	(1,068)	(209)	(41)	(1,318)
Other non-current financial liabilities	-	-	-	-
Other current financial liabilities	(122)	(46)	(7)	(175)
<b>Net assets/(liabilities)</b>	<b>2,519</b>	<b>99</b>	<b>(29)</b>	<b>2,589</b>

March 31, 2017	USD	EUR	Others	Total
<b>Financial assets</b>				
Loans	-	-	-	-
Trade receivables	4,916	259	-	5,175
Cash and cash equivalents	2,800	188	19	3,007
Other non-current financial assets	-	-	-	-
Other current financial assets	539	-	-	539
<b>Financial liabilities</b>				
Long-term borrowings	(1,296)	-	-	(1,296)
Short-term borrowings	-	-	-	-
Trade payables	(620)	(81)	(4)	(705)
Other current financial liabilities	(154)	(99)	(30)	(283)
<b>Net assets/(liabilities)</b>	<b>6,185</b>	<b>267</b>	<b>(15)</b>	<b>6,437</b>

#### 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	25	62	21	31
INR/USD - Decrease by 1%	(25)	(62)	(21)	(31)
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	1	3	(2)	3
INR/EUR - Decrease by 1%	(1)	(3)	2	(3)

#### Derivative financial instruments

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

Particulars	March 31, 2018	March 31, 2017
	(in Million)	
European style range forward contracts with periodical maturity dates	USD 52	USD 44
European style range forward contracts with periodical maturity dates	EUR 9	EUR 6

#### 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, 2018 and March 31, 2017 the Company's borrowings at variable rate were mainly denominated in USD.

**(a) Interest rate risk exposure**

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

Particulars	March 31, 2018	March 31, 2017
Variable rate borrowings	1,302	1,296
Fixed rate borrowings	28	36
<b>Total borrowings</b>	<b>1,330</b>	<b>1,332</b>

**(b) Sensitivity**

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

**37. Capital management**

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

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

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

The capital structure as of March 31, 2018 and March 31, 2017 was as follows:

Particulars	March 31, 2018	March 31, 2017
Total equity attributable to the equity shareholders of the Company	67,386	65,411
<b>As a percentage of total capital</b>	<b>98%</b>	<b>98%</b>
Long-term borrowings	1,330	1,335
Short-term borrowings	-	-
<b>Total borrowings</b>	<b>1,330</b>	<b>1,335</b>
<b>As a percentage of total capital</b>	<b>2%</b>	<b>2%</b>
<b>Total capital (Equity and Borrowings)</b>	<b>68,716</b>	<b>66,746</b>

**38. Segmental information**

In accordance with Ind AS 108 - Operating segments, segment information has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

**39. Other notes**

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2018.

**40. Corporate Social Responsibility**

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

(a) Gross amount required to be spent by the Company during the year is ₹ 88; and

(b) Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	88	-	88

**41. Events after reporting period**

(a) On April 26, 2018, the Board of Directors of the Company has proposed a final dividend of ₹ 1 per equity share. The proposed dividend is subject to the approval of the shareholders in the Annual general meeting.

## 42. Disclosure on Specified Bank Notes (SBNs)

During the year ended March 31, 2017, 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 ₹

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	130,500	148,761	279,261
(+) Permitted receipts	-	604,105	604,105
(-) Permitted payments	-	(499,419)	(499,419)
(-) Amount deposited in Banks	(130,500)	-	(130,500)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>253,447</b>	<b>253,447</b>

\*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.

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru  
April 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru  
April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

# Independent Auditor's Report

To the Members of Biocon Limited

## Report on the Audit of Consolidated Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Biocon Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and a joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Board of Directors of the Companies included in the Group and its associates and a joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and a joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group and of its associates and a joint venture are responsible for assessing the ability of the Group and of its associates and a joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibility

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

While conducting the 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 of the consolidated Ind AS financial statements 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 consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its associates and a joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group and its associates and a joint venture to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and a joint venture, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associates and a joint venture as at 31 March 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

### Other matters

We did not audit the financial statements/ financial information of a subsidiary and a joint venture both incorporated outside India included in the consolidated Ind AS financial statements of the Group. This subsidiary accounts for ₹ 696 million of net loss and ₹ 2,719 million of revenues for the year ended 31 March 2018 and ₹ 23,527 million of total assets as at 31 March 2018. The consolidated Ind AS financial statements also include the Group's

share of net profit of ₹ 216 million for the year ended 31 March 2018, in respect of a joint venture whose financial statements / financial information have not been audited by us. These financial statements / financial information of a subsidiary and a joint venture both incorporated outside India have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the financial statements of the subsidiary and a joint venture both incorporated outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments, if any made by the Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiary and joint venture both incorporated outside India is based on the reports of other auditors and the conversion adjustments, if any prepared by the Management of the Company and audited by us.

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiary company and a joint venture both incorporated outside India, as noted in "Other Matters" paragraph, we report to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
  - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; 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 and based on the consideration of the report of the other auditors on the separate financial statements and other financial information of the subsidiary companies, associates and a joint venture, as noted in the "Other Matters" paragraph:
    - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and a joint venture. Refer Note 34 to the consolidated Ind AS financial statements;
    - ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for the material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 36 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint venture;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018; and
    - iv. the disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

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

**S Sethuraman**  
Partner  
Membership number: 203491

Place: Bengaluru  
Date: 26 April 2018

## Annexure - A to the Independent Auditor's Report of even date on the consolidated financial statements of Biocon Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Biocon Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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 Act.

#### 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 (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 consolidated Ind AS 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 consolidated 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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 2018, 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 ICAI.

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership number: 203491

Place: Bengaluru

Date: 26 April 2018

## Consolidated Balance Sheet as at March 31, 2018

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

	Note	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	36,297	35,529
Capital work-in-progress	3	7,789	5,327
Investment property	4	-	8
Goodwill	5	264	264
Other intangible assets	5	434	458
Intangible assets under development	5	5,239	3,065
Investment in associates and a joint venture	39(c)	638	422
Financial assets			
(i) Investments	6	-	1,458
(ii) Derivative assets		1,109	1,092
(iii) Other financial assets	7(a)	248	197
Income-tax assets (net)		1,273	895
Deferred tax assets (net)	8	1,934	1,975
Other non-current assets	9(a)	3,186	2,775
<b>Total non-current assets</b>		<b>58,411</b>	<b>53,465</b>
<b>Current assets</b>			
Inventories	10	7,225	6,353
Financial assets			
(i) Investments	11	6,114	10,650
(ii) Trade receivables	12	10,639	8,832
(iii) Cash and cash equivalents	13	5,012	7,102
(iv) Other bank balances	13	8,216	3,341
(v) Derivative assets		995	1,059
(vi) Other financial assets	7(b)	1,915	2,143
Other current assets	9(b)	1,370	997
<b>Total current assets</b>		<b>41,486</b>	<b>40,477</b>
<b>TOTAL</b>		<b>99,897</b>	<b>93,942</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14(a)	3,000	1,000
Other equity	14(b)	48,808	47,377
<b>Equity attributable to owners of the Company</b>		<b>51,808</b>	<b>48,377</b>
Non-controlling interests		4,677	3,761
<b>Total equity</b>		<b>56,485</b>	<b>52,138</b>
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	17,898	21,082
(ii) Derivative liability		183	61
(iii) Other financial liabilities	16(a)	2	2
Provisions	17(a)	493	360
Other non-current liabilities	18(a)	3,423	3,516
<b>Total non-current liabilities</b>		<b>21,999</b>	<b>25,021</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	19	1,303	972
(ii) Trade payables	20	10,053	7,397
(iii) Derivative liability		62	63
(iv) Other financial liabilities	16(b)	5,563	4,085
Provisions	17(b)	465	468
Income tax liability (net)		891	964
Other current liabilities	18(b)	3,076	2,834
<b>Total current liabilities</b>		<b>21,413</b>	<b>16,783</b>
<b>TOTAL</b>		<b>99,897</b>	<b>93,942</b>

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru  
April 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru  
April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180

## Consolidated Statement of Profit and Loss for the year ended March 31, 2018

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations	21	41,297	39,216
Other income	22	2,062	1,571
<b>Total income (I)</b>		<b>43,359</b>	<b>40,787</b>
<b>Expenses</b>			
Cost of raw materials and packing materials consumed	23	14,450	13,224
Purchases of traded goods		2,328	1,932
Changes in inventories of traded goods, finished goods and work-in-progress	24	(417)	(690)
Excise duty		63	305
Employee benefits expense	25	9,311	7,470
Finance costs	26	615	260
Depreciation and amortisation expense	27	3,851	2,772
Other expenses	28	9,018	8,463
		<b>39,219</b>	<b>33,736</b>
Less: Recovery of cost from co-development partners (net)	29	(1,747)	(1,283)
<b>Total expenses (II)</b>		<b>37,472</b>	<b>32,453</b>
<b>Profit before tax, share of profit of joint venture/associate, exceptional items and tax (I-II)</b>		<b>5,887</b>	<b>8,334</b>
Share of profit of joint venture and associate, net		213	163
<b>Profit before tax and exceptional items</b>		<b>6,100</b>	<b>8,497</b>
Exceptional items, net	32	-	-
<b>Profit before tax</b>		<b>6,100</b>	<b>8,497</b>
<b>Tax expense</b>			
Current tax	38	1,522	2,082
Deferred tax			
MAT credit entitlement		(259)	(369)
Other deferred tax		306	(97)
<b>Total tax expense</b>		<b>1,569</b>	<b>1,616</b>
<b>Profit for the year</b>		<b>4,531</b>	<b>6,881</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)



## Consolidated Statement of Profit and Loss for the year ended March 31, 2018 (contd.)

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>Other comprehensive income</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement on defined benefit plans		(19)	(57)
Income tax effect		6	15
		<b>(13)</b>	<b>(42)</b>
<b>(ii) Items that may be reclassified subsequently to profit or loss</b>			
Effective portion of gains on hedging instrument in cash flow hedges		45	1,293
Income tax effect		-	(263)
Exchange difference on translation of foreign operations		121	(118)
		<b>166</b>	<b>912</b>
<b>Other comprehensive income for the year, net of taxes</b>		<b>153</b>	<b>870</b>
<b>Total comprehensive income for the year</b>		<b>4,684</b>	<b>7,751</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		3,724	6,121
Non-controlling interest		807	760
<b>Profit for the year</b>		<b>4,531</b>	<b>6,881</b>
<b>Other comprehensive income attributable to:</b>			
Shareholders of the Company		130	646
Non-controlling interest		23	224
<b>Other comprehensive income for the year</b>		<b>153</b>	<b>870</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		3,854	6,767
Non-controlling interest		830	984
<b>Total comprehensive income for the year</b>		<b>4,684</b>	<b>7,751</b>
<b>Earnings per share</b>			
	31		
Basic (in ₹)		6.31	10.39
Diluted (in ₹)		6.27	10.32

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru  
April 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru  
April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180

## Consolidated Statement of Changes in Equity for the year ended March 31, 2018

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

	(A) Equity share capital		Attributable to owners of the Company										Non-controlling interests	Total		
	March 31, 2018	March 31, 2017	Securities premium reserve	Revaluation reserve	Capital reserve	General reserve	Retained earnings	SEZ Re-investment reserve	Share based payment reserve	Treasury shares	Foreign currency translation reserve	Cash flow hedging reserves			Other items of other comprehensive income	Total other equity
Opening balance	1,000	1,000	-	-	-	-	-	-	-	-	-	-	-	6,121	760	6,881
Issue of bonus shares	2,000	-	-	-	-	-	-	-	-	-	800	(36)	-	646	224	870
<b>Closing balance</b>	<b>3,000</b>	<b>1,000</b>	<b>2,788</b>	<b>9</b>	<b>801</b>	<b>3,459</b>	<b>31,669</b>	<b>-</b>	<b>608</b>	<b>(577)</b>	<b>657</b>	<b>(32)</b>	<b>(44)</b>	<b>39,338</b>	<b>2,658</b>	<b>41,996</b>
<b>Balance at April 01, 2016</b>																
Profit for the year	-	-	-	-	-	6,121	-	-	-	-	-	-	-	6,121	-	6,881
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	(118)	800	(36)	646	224	870
Transfer to Special Economic Zone (SEZ) re-investment reserve	-	-	-	-	-	(162)	162	-	-	-	-	-	-	-	-	-
Transfer from SEZ re-investment reserve on utilisation	-	-	-	-	-	-	(162)	162	-	-	-	-	-	-	-	-
<b>Transactions with Owners directly recorded in equity:</b>																
Share based payment	-	-	-	-	-	-	-	-	266	-	-	-	-	266	-	266
Tax benefit related to gain on sale of share in subsidiary (refer note 32)	-	-	-	-	-	1,042	-	-	-	-	-	-	-	1,042	-	1,042
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(150)	-	-	-	(150)	-	(150)
Exercise of share options	120	-	-	-	-	193	-	-	(199)	-	-	-	-	114	119	233
<b>Balance at March 31, 2017</b>	<b>2,908</b>	<b>9</b>	<b>801</b>	<b>3,459</b>	<b>39,025</b>	<b>-</b>	<b>675</b>	<b>(727)</b>	<b>539</b>	<b>768</b>	<b>(80)</b>	<b>47,377</b>	<b>3,761</b>	<b>51,138</b>		

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

# Consolidated Statement of Changes in Equity for the year ended March 31, 2018 (contd.)

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

## (B) Other equity

Particulars	Attributable to owners of the Company										Non-controlling interests	Total		
	Securities premium reserve	Revaluation reserve	Capital reserve	General reserve	Retained earnings	SEZ Re-investment reserve	Share based payment reserve	Treasury shares	Foreign currency translation reserve	Cash flow hedging reserves			Other items of other comprehensive income	Total other equity
Profit for the year	-	-	-	-	3,724	-	-	-	-	-	-	3,724	807	4,531
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	121	20	(11)	130	23	153
Transfer to Special Economic Zone ('SEZ') re-investment reserve	-	-	-	-	(542)	542	-	-	-	-	-	-	-	-
Transfer from SEZ re-investment reserve on utilisation	-	-	-	-	542	(542)	-	-	-	-	-	-	-	-
<b>Transactions with Owners directly recorded in equity:</b>														
Dividend including dividend distribution tax	-	-	-	-	(725)	-	-	-	-	-	-	(725)	(62)	(787)
Share based payment	-	-	-	-	-	-	303	-	-	-	-	303	-	303
Issue of bonus shares	(2,000)	-	-	-	-	-	-	-	-	-	-	(2,000)	-	(2,000)
Purchase of treasury shares	-	-	-	-	-	-	-	(102)	-	-	-	(102)	-	(102)
Exercise of share options	124	-	-	-	270	-	(293)	-	-	-	-	101	148	249
<b>Balance at March 31, 2018</b>	<b>1,032</b>	<b>9</b>	<b>801</b>	<b>3,459</b>	<b>42,294</b>	<b>-</b>	<b>685</b>	<b>(829)</b>	<b>660</b>	<b>788</b>	<b>(91)</b>	<b>48,808</b>	<b>4,677</b>	<b>53,485</b>

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

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru

April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180

Bengaluru  
April 26, 2018

## Consolidated Statement of Cash Flow for the year ended March 31, 2018

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

	March 31, 2018	March 31, 2017
<b>I Cash flows from operating activities</b>		
Profit for the year	4,531	6,881
<i>Adjustments to reconcile profit for the year to net cash flows</i>		
Depreciation and amortisation expense	3,851	2,772
Tax expense	1,569	1,616
Unrealised foreign exchange (gain)/loss	(57)	311
Share-based compensation expense	301	266
Provision/(reversal) of doubtful debts, net	47	34
Bad debts written off	4	6
Interest expense	615	260
Interest income	(427)	(1,115)
Dividend income	(25)	(156)
Net gain on financial assets measured at fair value through profit or loss	(16)	(132)
Net gain on sale of current investments	(583)	(39)
Loss/(profit) on sale of fixed assets (net)	60	-
Share of profit of joint venture	(213)	(163)
<b>Operating profit before working capital changes</b>	<b>9,657</b>	<b>10,541</b>
<b>Movements in working capital</b>		
Decrease/(increase) in inventories	(872)	(929)
Decrease/(increase) in trade receivables	(1,534)	(1,883)
Decrease/(increase) in other assets	57	(966)
Increase/(decrease) in trade payable, other liabilities and provisions	1,284	1,667
<b>Cash generated from operations</b>	<b>8,592</b>	<b>8,430</b>
Direct taxes paid (net of refunds)	(1,971)	(2,030)
<b>Net cash flow generated from operating activities</b>	<b>6,621</b>	<b>6,400</b>
<b>II Cash flows from investing activities</b>		
Purchase of tangible assets	(7,382)	(6,084)
Acquisition of intangible assets	(1,783)	(1,537)
Proceeds from sale of fixed assets	34	2
Purchase of investments	(12,593)	(38,689)
Proceeds from sale of investments	17,046	33,182
Investment in bank deposits and inter corporate deposits	(10,223)	(17,337)
Redemption/ maturity of bank deposits and inter corporate deposits	7,459	24,083
Interest received	577	1,239
Dividend received	25	156
<b>Net cash flow used in investing activities</b>	<b>(6,840)</b>	<b>(4,985)</b>
<b>III Cash flows from financing activities</b>		
Purchase of treasury shares	(102)	(150)
Proceeds from exercise of share options	270	193
Proceeds from long-term borrowings	-	2,002
Repayment of long-term borrowings	(967)	(264)
Proceeds/ (Repayment) of short-term borrowings (net)	(174)	(2,970)
Dividend paid on equity shares including tax thereon	(787)	-
Interest paid	(637)	(586)
<b>Net cash flow used in financing activities</b>	<b>(2,397)</b>	<b>(1,775)</b>

## Consolidated Statement of Cash Flow for the year ended March 31, 2018 (contd.)

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

	March 31, 2018	March 31, 2017
IV Net increase/ (decrease) in cash and cash equivalents (I + II + III)	(2,616)	(360)
V Effect of exchange differences on cash and cash equivalents held in foreign currency	4	(113)
VI Cash and cash equivalents at the beginning of the year	7,102	7,575
VII Cash and cash equivalents at the end of the year (IV + V + VI)	<b>4,490</b>	<b>7,102</b>
<b>Reconciliation of cash and cash equivalents as per statement of cash flows</b>		
<b>Cash and cash equivalents [note 13]</b>		
Balances with banks - on current accounts	3,956	7,096
- on unpaid dividend accounts*	6	6
Deposits with original maturity of less than 3 months	1,050	-
	<b>5,012</b>	<b>7,102</b>
Bank overdrafts / cash credits [note 19]	(522)	-
<b>Balance as per statement of cash flows</b>	<b>4,490</b>	<b>7,102</b>

\*The Group can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**S Sethuraman**

Partner

Membership No.: 203491

Bengaluru  
April 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru  
April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2018

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

### 1. Company Overview

#### 1.1 Reporting entity

Biocon Limited ("Biocon" or the "parent company" or "the Company"), together with its subsidiaries, joint venture and associates (collectively, the "Group") is engaged in the manufacture of biotechnology products and research services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

#### 1.2 Basis of preparation of financial statements

##### a. Statement of compliance

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

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2018. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on April 26, 2018.

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

##### b. Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiaries and associates whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

##### c. Basis of measurement

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

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

##### d. Use of estimates and judgements

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

##### Judgements

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

- Note 1.2(b) – Assessment of functional currency;
- Note 2(c) and 36 – Financial instruments;
- Note 2(d), 2(e) and 2(f) – Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 2(r) – Lease classification;
- Note 35 – Assets and obligations relating to employee benefits;
- Note 30 – Share based payments; and
- Note 2(n), 8 and 38 – Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets

##### e. Assumptions and estimation uncertainties

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

- Note 2(i)(ii) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2(n), 8 and 38 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

- Note 17 and 34– recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 35 – measurement of defined benefit obligations: key actuarial assumptions; and
- Note 36 – impairment of financial assets.

**f. Measurement of fair values**

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 30 – share-based payment arrangements;
- Note 4 – investment property; and
- Note 2(c) & 36 – financial instruments.

## 2. Significant accounting policies

**a. Basis of consolidation**

*i. Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, Income Taxes.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

**Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*ii. Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in statement of profit or loss.

*iii. Associates and joint arrangements (equity accounted investees)*

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

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

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

**b. Foreign currency***i. Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Under previous GAAP exchange differences arising on restatement of long-term foreign currency monetary items related to acquisition of depreciable assets was added to/ deducted from the cost of the depreciable assets. In accordance with Ind AS 101 First time adoption of Indian Accounting Standards the Group continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on March 31, 2016.

*ii. Foreign operations*

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

**c. Financial instruments***i. Recognition and initial measurement*

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

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

*ii. Classification and subsequent measurement**Financial assets*

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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



*Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss. However, see Note 36 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

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

iii. *De-recognition of financial instruments*

*Financial assets*

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

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

*Financial liabilities*

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

iv. *Offsetting*

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

v. *Derivative financial instruments and hedge accounting*

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

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

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

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

*Cash flow hedges*

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

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

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

vi. *Treasury shares*

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

vii. *Cash and cash equivalents*

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

viii. *Cash dividend to equity holders*

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

**d. Property, plant and equipment**

i. *Recognition and measurement*

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

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

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

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

ii. *Depreciation*

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

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

<b>Asset</b>	<b>Management estimate of useful life</b>	<b>Useful life as per Schedule II</b>
Building	25-30 years	30 years
Roads	5 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-15 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	
Leasehold land	90 years or lease period whichever is lower	

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

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

iii. *Reclassification to investment property*

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

**e. Goodwill and other intangible assets**

i. *Goodwill*

For measurement of goodwill that arises on a business combination refer note 37. Subsequent measurement is at cost less any accumulated impairment losses.

ii. *Other intangible assets*

*Internally generated: Research and development*

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

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

*Others*

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

iii. *Subsequent expenditure*

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

iv. *Amortisation*

Goodwill is not amortised and is tested for impairment annually.

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

– Computer software	3-5 years
– Marketing and Manufacturing rights	5-10 years
– Customer related intangibles	5 years

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

**f. Investment property**

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

Based on technical evaluation and consequent advice, the management believes a period of 25 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment properties over a period of 25 years on a straight-line basis. The useful life estimate of 25 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years.

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

**g. Business combination**

In accordance with Ind AS 103, Business combinations, the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Group (see Note 37). The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

**h. Inventories**

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

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

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

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

## i. Impairment

### i. *Impairment of financial assets*

In accordance with Ind AS 109, the Group applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on following:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

### ii. *Impairment of non-financial assets*

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

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

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

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

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## j. Employee benefits

### i. *Gratuity*

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

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the group gratuity scheme.

The Group recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

### ii. *Provident Fund*

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

iii. *Compensated absences*

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

iv. *Share-based compensation*

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

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

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

*Onerous contracts*

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

**l. Revenue**

i. *Sale of goods*

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimate reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances.

ii. *Milestone payments and out licensing arrangements*

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

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 recognized 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.

iii. *Contract research and manufacturing services income:*

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts. Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research services for which separate invoices are raised, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer, and comprise amounts invoiced for compounds sold.

In respect of services, the Group collects service tax as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

iv. *Sales Return Allowances*

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

v. *Dividends*

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

vi. *Rental income*

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

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

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

viii. *Interest income or expense*

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

**m. Government grants**

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are deducted in reporting the related expense.

**n. Income taxes**

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

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

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**o. Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset.

**p. Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

**q. Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairperson and Managing Director of the Company is responsible for allocating resources and assessing performance of

the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance.

**r. Leases**

*i. Assets held under lease*

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Group's Balance sheet.

*ii. Lease payments*

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**s. Recent Indian Accounting Standards (Ind AS)**

Following new standard and amendment to Ind AS have not been applied by the Group as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The effect of changes in Foreign Exchange rates

*Ind AS 115 Revenue from Contracts with Customers*

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. The new standard also provides guidance on evaluation of performance obligations being distinct to enable separate recognition and could impact timing of recognition of certain elements of multiple element arrangements.

Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Group is in the process of evaluating the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

*Ind AS 21 – The effect of changes in Foreign Exchange rates*

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## 3. Property, plant and equipment and Capital work-in-progress

	Land [Refer note (a)]	Buildings	Leasehold improvements	Plant and equipment [Refer note (c)]	Research & development equipment	Furniture and fixtures	Vehicles	Total	Capital work-in- progress [Refer note (e)]
<b>Gross carrying amount</b>									
At April 01, 2016	1,551	6,607	5	22,170	2,088	635	57	33,113	20,597
Additions	663	6,288	-	14,806	113	218	20	22,108	6,728
Disposals/transfers	-	(99)	-	(1,753)	-	(58)	(7)	(1,917)	(22,108)
Other adjustments									
- Foreign currency translation adjustment	(22)	(4)	-	(9)	-	-	-	(35)	110
<b>At March 31, 2017</b>	<b>2,192</b>	<b>12,792</b>	<b>5</b>	<b>35,214</b>	<b>2,201</b>	<b>795</b>	<b>70</b>	<b>53,269</b>	<b>5,327</b>
Additions	368	544	180	3,346	29	104	63	4,634	7,088
Disposals/transfers	-	(19)	-	(445)	-	(11)	(5)	(480)	(4,634)
Other adjustments									
- Additions on account of transfer from investment property	-	34	-	-	-	-	-	34	-
- Foreign currency translation adjustment	4	22	-	49	-	-	-	75	8
<b>At March 31, 2018</b>	<b>2,564</b>	<b>13,373</b>	<b>185</b>	<b>38,164</b>	<b>2,230</b>	<b>888</b>	<b>128</b>	<b>57,532</b>	<b>7,789</b>
<b>Accumulated depreciation</b>									
At April 01, 2016	-	1,635	4	12,898	1,339	405	21	16,302	-
Depreciation for the year	-	282	-	2,176	142	85	10	2,695	-
Disposals	-	(36)	-	(1,158)	-	(52)	(7)	(1,253)	-
Other adjustments									
- Foreign currency translation adjustment	-	(1)	-	(3)	-	-	-	(4)	-
<b>At March 31, 2017</b>	<b>-</b>	<b>1,880</b>	<b>4</b>	<b>13,913</b>	<b>1,481</b>	<b>438</b>	<b>24</b>	<b>17,740</b>	<b>-</b>
Depreciation for the year	-	515	10	2,885	139	113	31	3,693	-
Disposals	-	(9)	-	(214)	-	(8)	(4)	(235)	-
Other adjustments									
- Additions on account of transfer from investment property	-	27	-	-	-	-	-	27	-
- Foreign currency translation adjustment	-	2	-	8	-	-	-	10	-
<b>At March 31, 2018</b>	<b>-</b>	<b>2,415</b>	<b>14</b>	<b>16,592</b>	<b>1,620</b>	<b>543</b>	<b>51</b>	<b>21,235</b>	<b>-</b>
<b>Net carrying amount</b>									
At March 31, 2017	2,192	10,912	1	21,301	720	357	46	35,529	5,327
At March 31, 2018	2,564	10,958	171	21,572	610	345	77	36,297	7,789

(a) Land includes land held on leasehold basis: Gross carrying amount ₹ 368 (March 31, 2017 - ₹ Nil); Net carrying amount ₹ 368 (March 31, 2017 - ₹ Nil).

(b) Borrowing costs capitalised during the year amounted to ₹ 67 (March 31, 2017 - ₹ 354).

(c) Plant and equipment include computers and office equipment.

(d) Foreign exchange gain of ₹ 142 (March 31, 2017 - ₹ 169) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset and is being depreciated over the balance life of the asset.

(e) Capital work-in-progress as on March 31, 2018 mainly comprises new biopharmaceutical manufacturing units being constructed in India.

(f) For details of security on certain property, plant and equipment, refer note 15 (a), (b), (c), (d), (e) and note 19(ii).



#### 4. Investment property

<b>Gross carrying amount</b>	
At April 01, 2016	34
Other adjustments	-
At March 31, 2017	34
Other adjustments	
- Deletion on account of transfer to Property, plant and equipment	(34)
<b>At March 31, 2018</b>	<b>-</b>
<b>Accumulated depreciation</b>	
At April 01, 2016	25
Depreciation for the year	1
<b>At March 31, 2017</b>	<b>26</b>
Depreciation for the year	1
Other adjustments	
- Deletion on account of transfer to Property, plant and equipment	(27)
<b>At March 31, 2018</b>	<b>-</b>
<b>Net carrying amount</b>	
At March 31, 2017	8
<b>At March 31, 2018</b>	<b>-</b>

During the year, the Group has recognised rental income of ₹ 67 (March 31, 2017: ₹ 20) and depreciation charge of ₹ 1 (March 31, 2017: ₹ 1) in the statement of profit and loss for investment properties.

The fair value of the investment property as at March 31, 2018 is ₹ Nil (March 31, 2017 - ₹ 8).

#### 5. Intangible assets

	Goodwill	Intangible assets					Intangible assets under development		
		Other intangible assets	Marketing and Manufacturing rights	IP under commercialisation	Customer related intangible	Total	Product under development (internally generated)	Marketing rights	Total
<b>Gross carrying amount</b>									
At April 01, 2016	264	336	165	81	77	659	1,798	-	1,798
Additions	-	169	-	-	-	169	1,342	-	1,342
Other adjustments									
- Foreign currency translation	-	-	-	-	-	-	(75)	-	(75)
<b>At March 31, 2017</b>	<b>264</b>	<b>505</b>	<b>165</b>	<b>81</b>	<b>77</b>	<b>828</b>	<b>3,065</b>	<b>-</b>	<b>3,065</b>
Additions	-	114	-	-	-	114	1,669	484	2,153
Other adjustments									
- Foreign currency translation	-	-	-	-	-	-	36	4	40
<b>At March 31, 2018</b>	<b>264</b>	<b>619</b>	<b>165</b>	<b>81</b>	<b>77</b>	<b>942</b>	<b>4,770</b>	<b>488</b>	<b>5,258</b>
<b>Accumulated amortisation</b>									
At April 01, 2016	-	138	24	81	8	251	-	-	-
Amortisation for the year	-	77	27	-	15	119	-	-	-
<b>At March 31, 2017</b>	<b>-</b>	<b>215</b>	<b>51</b>	<b>81</b>	<b>23</b>	<b>370</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortisation for the year	-	96	27	-	15	138	19	-	19
<b>At March 31, 2018</b>	<b>-</b>	<b>311</b>	<b>78</b>	<b>81</b>	<b>38</b>	<b>508</b>	<b>19</b>	<b>-</b>	<b>19</b>
<b>Net carrying amount</b>									
At March 31, 2017	264	290	114	-	54	458	3,065	-	3,065
<b>At March 31, 2018</b>	<b>264</b>	<b>308</b>	<b>87</b>	<b>-</b>	<b>39</b>	<b>434</b>	<b>4,751</b>	<b>488</b>	<b>5,239</b>

	March 31, 2018	March 31, 2017
<b>6. Non-current investments</b>		
<b>I. Unquoted equity instruments at cost</b>		
<b>In others:</b>		
Energyon KN Wind Power Private Limited - 38,500 (March 31, 2017 - 38,500) equity shares of ₹ 10 each	1	1
Less: Provision for decline, other than temporary, in the value of non-current investments	(1)	(1)
<b>Total unquoted investments in equity instruments</b>	<b>-</b>	<b>-</b>
<b>II. Unquoted preference shares at cost</b>		
<b>Others:</b>		
Vaccinex Inc., USA - 2,722,014 (March 31, 2017 - 2,722,014) Series B1 Preferred Convertible Stock at US\$ 1.55 each, par value US \$0.001 each	186	186
Vaccinex Inc., USA - 217,972 (March 31, 2017 - 217,972) Series B2 Preferred Convertible Stock at US\$ 3.10 each, par value US \$0.001 each	32	32
Less: Provision for decline, other than temporary, in the value of non-current investments	(218)	(218)
	-	-
Energyon KN Wind Power Private Limited - 14,666 (March 31, 2017 - 14,666) Compulsorily Convertible Preference Shares, par value ₹ 100 each	1	1
Less: Provision for decline, other than temporary, in the value of non-current investments	(1)	(1)
	-	-
<b>Total unquoted investments in preference shares</b>	<b>-</b>	<b>-</b>
<b>III. Unquoted debentures or bonds at amortised cost*</b>		
<b>Others:</b>		
LIC Housing Finance Co Ltd - Nil (March 31, 2017 - 700) 7.51% bonds at ₹ 1,001,120 each, par value ₹ 1,000,000 each	-	701
HDFC Ltd - Nil (March 31, 2017 - 75) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	-	757
<b>Total unquoted investments in debentures or bonds</b>	<b>-</b>	<b>1,458</b>
<b>Total non-current investments</b>	<b>-</b>	<b>1,458</b>
Aggregate value of unquoted investments	220	1,678
Aggregate amount of impairment in value of investments	220	220

\* Classified to current. Refer note 11.

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.

(a) The Group has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.

## 7. Other financial assets

	March 31, 2018	March 31, 2017
<b>(a) Non-current</b>		
Deposits	248	197
	<b>248</b>	<b>197</b>
<b>(b) Current</b>		
Interest accrued but not due	152	173
Unbilled revenue	555	243
Other receivables	1,208	1,727
	<b>1,915</b>	<b>2,143</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017
<b>8. Deferred tax assets (net)</b>		
<b>Deferred tax liability</b>		
Property, plant and equipment, investment property and intangible assets	806	685
Derivatives	201	201
Others	18	30
<b>Gross deferred tax liability</b>	<b>1,025</b>	<b>916</b>
<b>Deferred tax assets</b>		
Employee benefit obligations	212	182
Allowance for doubtful debts	26	20
Other disallowable expenses	179	169
MAT credit entitlement	2,372	2,113
Tax losses	15	262
Others	155	145
<b>Gross deferred tax assets</b>	<b>2,959</b>	<b>2,891</b>
<b>Net deferred tax assets</b>	<b>1,934</b>	<b>1,975</b>
<b>9. Other assets</b>		
<b>(a) Non-current</b>		
Capital advances	795	516
Duty drawback receivable	217	329
Balances with statutory / government authorities	2,056	1,589
Prepayments	118	341
	<b>3,186</b>	<b>2,775</b>
<b>(b) Current</b>		
Balances with statutory / government authorities	547	241
Prepayments	823	756
	<b>1,370</b>	<b>997</b>
<b>10. Inventories</b>		
Raw materials, including goods-in-bond	1,848	1,531
Packing materials	524	386
Traded goods	292	223
Finished goods*	1,903	1,747
Work-in-progress	2,658	2,466
	<b>7,225</b>	<b>6,353</b>

\* includes goods in-transit ₹ 48 (March 31, 2017 - Nil)

Write-down of inventories to net realisable value amounted to ₹ 75 (March 31, 2017 - ₹ 3). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017
<b>11. Current investments</b>		
<b>Quoted</b>		
<b>Investment in mutual funds</b>		
Aditya Birla Sun Life Cash Plus - 435,364 units (March 31, 2017: Nil units)	121	-
Aditya Birla Sun Life Savings Fund - 496,963 units (March 31, 2017: 2,431,913 units)	170	-
Axis Banking and PSU Debt Fund - 11,184 units (March 31, 2017: Nil units)	18	-
Axis Liquid Fund - Growth 95,973 units (March 31, 2017: Nil units)	185	-
Birla Savings Fund 2,431,913 units (March 31, 2017: 2,431,913 units)	-	775
Birla Sun Life Savings Fund - Daily Dividend - 5,303,556 units (March 31, 2017: 5,303,556 units)	-	533
Birla Sun Life Short Term Fund- Growth Nil units (March 31, 2017: 14,572,296 units)	-	907
DHFL Pramerica Banking & PSU Debt Fund GR Nil units (March 31, 2017: 6,602,593 units)	-	93
DHFL Pramerica Insta Cash Plus Fund - Growth 975,628 units (March 31, 2017: Nil units)	220	-
DSP BlackRock Liquidity Fund- Growth 185,067 units (March 31, 2017: Nil units)	460	-
Edelweiss Banking and PSU Debt Fund - Growth Nil units (March 31, 2017: 20,407,166 units)	-	276
Franklin India Ultra Short Bond Fund - Super Institutional Plan Nil units (March 31, 2017: 36,646,665 units)	-	816
HDFC Floating Rate Income Fund Nil units (March 31, 2017: 1,828,193 units)	-	52
HDFC Floating Rate Income Fund Nil units (March 31, 2017: 27,436,866 units)	-	776
HDFC FMP 92D February 2018 - 15,000,000 units (March 31, 2017: Nil units)	151	-
HDFC Medium Term Opportunities Fund - Growth Nil units (March 31, 2017: 27,762,046 units)	-	503
HDFC Short Term Opportunities Fund - Growth Nil units (March 31, 2017: 22,489,571 units)	-	405
ICICI Prudential Flexible Income - Daily Dividend Nil units (March 31, 2017: 5,706,959 units)	-	602
ICICI Prudential Flexible Income Fund - 81,749 units (March 31, 2017: 1,947,431 units)	27	606
ICICI Prudential Money Market Fund - Growth 2,800,127 units (March 31, 2017: Nil units)	673	-
ICICI Prudential Money Market Fund - Growth 418,173 units (March 31, 2017: Nil units)	100	-
IDFC Ultra Short term Fund - 28,457,666 units (March 31, 2017: 26,359,631 units)	705	607
Invesco India Liquid Fund - Daily Dividend 102,502 units (March 31, 2017: Nil units)	103	-
Invesco India Liquid Fund - Growth 266,929 units (March 31, 2017: Nil units)	639	-
Kotak Treasury Advantage Fund Nil units (March 31, 2017: 7,932,353 units)	-	207
Reliance Banking & PSU Debt Fund - Nil units (March 31, 2017: 72,201,894 units)	-	851
Reliance Money Manager Fund - Nil units (March 31, 2017: 69,072 units)	-	155
Tata Money Market Fund - Growth 114,178 units (March 31, 2017: Nil units)	311	-
UTI - Money Market Fund - Institutional Plan - DDR 51,347 units (March 31, 2017: Nil units)	51	-
UTI - Money Market Fund - Institutional Plan - Growth 172,751 units (March 31, 2017: Nil units)	337	-
UTI - Treasury Advantage Fund - Institutional Plan - DDR Nil units (March 31, 2017: 91,862 units)	-	92
UTI Liquid Fund Cash Plan - 17,772 units (March 31, 2017: Nil units)	50	-
UTI Treasury Advantage Fund - 140,087 units (March 31, 2017: 122,052 units)	335	274
	4,656	8,530
<b>Unquoted</b>		
<b>In others:</b>		
<b>(a) Inter corporate deposits with financial institutions</b>	-	2,120
<b>(b) Debentures or bonds*</b>		
LIC Housing Finance Co Ltd - 700 (March 31, 2017 - Nil) 7.51% bonds at ₹ 1,001,120 each, par value ₹ 1,000,000 each	701	-
HDFC Ltd - 75 (March 31, 2017 - Nil) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	757	-
	6,114	10,650
Aggregate value of quoted investments	4,656	8,530
Aggregate value of unquoted investments	1,458	2,120

\* Classified from non-current. Refer note 6.

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.

	March 31, 2018	March 31, 2017
<b>12. Trade receivables</b>		
Unsecured, considered good	10,639	8,832
Doubtful	137	90
	<u>10,776</u>	<u>8,922</u>
Allowance for credit loss	(137)	(90)
	<u><b>10,639</b></u>	<u><b>8,832</b></u>
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of board of directors	15	4
The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 36.		
<b>13. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	3,956	7,096
On unpaid dividend account	6	6
Deposits with original maturity of less than 3 months	1,050	-
<b>Total cash and cash equivalents</b>	<u><b>5,012</b></u>	<u><b>7,102</b></u>
<b>Other bank balances</b>		
Deposits with maturity of less than 12 months	8,213	3,338
Margin money deposit [refer note (a) below]	3	3
<b>Total other bank balances</b>	<u><b>8,216</b></u>	<u><b>3,341</b></u>
<b>Total cash and bank balances</b>	<u><b>13,228</b></u>	<u><b>10,443</b></u>

(a) Margin money deposits with carrying amount of ₹ 3 (March 31, 2017 - ₹ 3) are subject to first charge against bank guarantees obtained.

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

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2018	March 31, 2017
<b>14(a). Equity share capital</b>		
<b>Authorised</b>		
600,000,000 (March 31, 2017 - 220,000,000) equity shares of ₹ 5 each (March 31, 2017 - ₹ 5 each)	3,000	1,100
<b>Issued, subscribed and fully paid-up</b>		
600,000,000 (March 31, 2017 - 200,000,000) equity shares of ₹ 5 each (March 31, 2017 - ₹ 5 each)	3,000	1,000

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

Equity shares	March 31, 2018		March 31, 2017	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issue of bonus shares [refer note (v) below]	400,000,000	2,000	-	-
<b>Outstanding at the end of the year</b>	<b>600,000,000</b>	<b>3,000</b>	<b>200,000,000</b>	<b>1,000</b>

**(ii) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	March 31, 2018		March 31, 2017	
	No.	% holding	No.	% holding
<b>Equity shares of ₹ 5 each fully paid</b>				
Dr Kiran Mazumdar-Shaw	237,862,692	39.64%	79,287,564	39.64%
Glentec International Limited	118,605,582	19.77%	39,535,194	19.77%

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

**(iv) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 30.

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

Particulars	Year ended March 31,				
	2018	2017	2016	2015	2014
Equity shares of ₹ 5 each	400,000,000	-	-	-	-

The Company has allotted 400,000,000 equity shares of ₹ 5 each fully paid up as bonus shares on June 19, 2017 in the ratio of 2:1 (two equity shares of ₹ 5 each for every one equity share of ₹ 5 each held in the Company as on the record date i.e. June 17, 2017) by capitalisation of securities premium account. In accordance with Ind AS 33, Earnings per share, the Earnings per share data has been adjusted to give effect to the bonus issue.

**14(b). Other equity****Securities premium reserve**

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

**General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**Retained earnings**

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

**SEZ re-investment reserve**

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

**Share based payment reserve**

The Group has established various equity settled share-based payment plans for certain categories of employees of the Group. Also refer note 30 for further details on these plans.

## Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

## Foreign currency translation reserve

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

## Cash flow hedging reserves

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

	March 31, 2018	March 31, 2017
<b>15. Long-term borrowings</b>		
<b>Loans from banks (secured)</b>		
Term loan [refer note (a), (b), (c) and (d) below]	20,724	21,403
Buyers credit [refer note (e) below]	418	611
Obligation under finance lease [refer note (f) below]	167	-
<b>Other loans and advances (unsecured)</b>		
NMITLI - CSIR Loan [refer note (g) below]	-	1
Financial assistance from DSIR [refer note (h) below]	-	3
Financial assistance from DST [refer note (i) below]	28	35
	<b>21,337</b>	<b>22,053</b>
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	<b>(3,439)</b>	<b>(971)</b>
	<b>17,898</b>	<b>21,082</b>
<b>The above amount includes</b>		
Secured borrowings	21,142	22,014
Unsecured borrowings	195	39
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	<b>(3,439)</b>	<b>(971)</b>
<b>Net amount</b>	<b>17,898</b>	<b>21,082</b>

- (a) During the year ended March 31, 2016, the Company has obtained an external commercial borrowing facility of USD 20 million from a bank. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility with a carrying amount of ₹ 1,478. The long-term loan is repayable in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carries an interest rate of LIBOR + 0.95% p.a. The Company has entered into interest rate swap to convert floating rate to fixed rate. Also refer note 36.
- (b) During the year ended March 31, 2016, Biocon Pharma Limited ('BPL') had obtained an external commercial borrowing of USD 20 million from a bank, carrying interest of Libor + 1.75% p.a. The loan is payable in 11 unequal quarterly instalments commencing from June 28, 2019. The loan is secured by first priority pari-passu charge on the plant and machinery of the facility for the manufacture of pharmaceuticals. BPL has entered into interest rate swap to convert floating rate to fixed rate.
- (c) Biocon Sdn. Bhd., Malaysia ('Biocon Malaysia') had obtained a term loan facility of USD 130 million from a consortium of banks. During the year ended March 31, 2016, Biocon Malaysia has refinanced the existing term loan from Standard Chartered Bank (Hong Kong) Limited. The loan is repayable in quarterly instalments which commenced from March, 2017. On July 6, 2015, Biocon Sdn. Bhd. had entered into a new term loan agreement with Standard Chartered Bank (Hong Kong) Limited for an amount of USD 70 million. The loan is repayable in quarterly instalments commenced from March, 2017.
- The term loans are denominated in USD and carries an interest rate of LIBOR + 2.25% p.a. (March 31, 2017: LIBOR + 3.25% p.a.) and LIBOR + 1.80% p.a. (March 31, 2017: LIBOR + 4.25% p.a.) for facility of USD 130 million and USD 70 million respectively. The term loan is secured by a fixed and floating charge over all present and future assets and a charge over the freehold property of Biocon Malaysia.
- (d) (i) Syngene has entered into External Commercial Borrowing agreement with The Hong Kong and Shanghai Banking Corporation Limited (the Agent), Citibank N.A. and HSBC Bank (Mauritius) Limited (the Lead arrangers) dated March 30, 2016 to borrow USD 100 million comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bengaluru and Mangalore premises of Syngene.
- (ii) 'Facility A' of USD 50 million carries an interest rate of Libor + 1.04% p.a. and is repayable in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% p.a. and is repayable in March 2021.
- (iii) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of Syngene with a carrying amount of ₹ 6,700.
- (e) Syngene International Limited ('Syngene') has obtained foreign currency denominated long term secured buyer's credit loans of USD 6.42 million (March 31, 2017: USD 9.41 million) as of March 31, 2018 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% p.a. to Libor + 0.80% p.a. The loan is guaranteed by Hong Kong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hong Kong and Shanghai Banking Corporation Limited, India is secured by a pari passu charge on the current assets

and movable fixed assets of Syngene with a carrying amount of ₹ 1,636. The loans are repayable at end of 960 days to 1,079 days from the date of its origination.

- (f) Syngene has obtained lease of utilities for its office use from Velankani Information Systems Limited (VISL) on a ten year non-cancellable basis. Finance Lease obligations reflect present value of such discounted monthly payments payable to VISL over the tenure of the lease contract.
- (g) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹ 3 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual instalments of ₹ 0.3 starting from April 2009 and carry an interest rate of 3 % p.a.
- (h) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to the Company for part financing one of its research projects. The assistance is repayable in the form of royalty payments for three years post commercialisation of the project in five equal annual instalments of ₹ 3 each, starting from April 1, 2013 and has been repaid during the year.
- (i) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3 % p.a.
- (j) In respect of the financial assistance received under the aforesaid programmes (refer note (g) to (i) above), the Company is required to utilise the funds for the specified projects and is required to obtain prior approvals from the said authorities for disposal of assets / Intellectual property rights acquired/ developed under the above programmes.
- (k) The Group has met all the covenants under these arrangements as at March 31, 2018 and March 31, 2017.
- (l) The Group's exposure to liquidity, interest rate and currency risks are disclosed in note 36.

	March 31, 2018	March 31, 2017	
<b>16. Other financial liabilities</b>			
<b>(a) Non-current</b>			
Interest accrued but not due	2	2	
	<b>2</b>	<b>2</b>	
<b>(b) Current</b>			
Current maturities of long-term borrowings [refer note 15]	3,432	971	
Current maturities of obligation under finance lease [refer note 15]	7	-	
Book overdraft	191	824	
Unpaid dividends	6	6	
Payables for capital goods	1,927	2,284	
	<b>5,563</b>	<b>4,085</b>	
<b>17. Provisions</b>			
<b>(a) Non-current</b>			
Provision for employee benefits			
Gratuity [refer note 35]	493	360	
	<b>493</b>	<b>360</b>	
<b>(b) Current</b>			
Provision for employee benefits			
Gratuity [refer note 35]	130	131	
Compensated absences	199	201	
Provision for sales return	136	136	
	<b>465</b>	<b>468</b>	
<b>(i) Movement in provisions</b>			
	<b>Gratuity</b>	<b>Compensated absences</b>	<b>Sales return</b>
Opening balance	491	201	136
Provision recognised / (reversed) during the year	132	(2)	-
<b>Closing balance</b>	<b>623</b>	<b>199</b>	<b>136</b>



	March 31, 2018	March 31, 2017
<b>18. Other liabilities</b>		
<b>(a) Non-current</b>		
Deferred revenues	3,423	3,516
	<b>3,423</b>	<b>3,516</b>
<b>(b) Current</b>		
Deferred revenues	264	273
Advances from customers	2,466	2,340
Statutory taxes and dues payable	235	221
Other dues	111	-
	<b>3,076</b>	<b>2,834</b>

## 19. Short-term borrowings

### From banks/financial institutions

Packing credit foreign currency loan (unsecured) [refer note (i), (v) and (vi) below]	781	648
Packing credit foreign currency loan (secured) [refer note (ii) and (vii) below]	-	324
Cash credit (secured) [refer note (iii) and (iv) below]	522	-
	<b>1,303</b>	<b>972</b>

### The above amount includes

Secured borrowings	522	324
Unsecured borrowings	781	648

- (i) Syngene has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 781 (USD 12 Million) [March 31, 2017 - ₹ 648 (USD 10 Million)] from HDFC Bank Limited that carries interest rate of Libor + 0.55% p.a. to Libor + 0.60% p.a. [March 31, 2017 - Libor + 1.42% p.a.]. The loans are repayable after the end of 6 months from the date of its origination.
- (ii) Syngene had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 324 (USD 5 Million) as at March 31, 2017 from The Hong Kong and Shanghai Banking Corporation Limited that carried interest rate of Libor + 1.42% p.a. The loans were repayable after the end of 6 months from the date of its origination. The facility provided were secured by a pari passu charge on the current assets and movable fixed assets of Syngene.
- (iii) Biocon Malaysia has availed working capital facilities upto USD 20 million from Standard Chartered Bank and Maybank Bhd carrying an interest rate of BLR+3.25% . The working capital facilities are secured by a charge on inventories and accounts receivables of Biocon Malaysia.
- (iv) The Group has working capital facilities with a bank carrying interest rate ranging from 8.25% - 13% p.a. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables.
- (v) During the year ended March 31, 2016, the Company had obtained unsecured foreign currency denominated loans of ₹ 597 (USD 9 million), carrying an interest rate of LIBOR + 0.20% p.a. from a bank. The facility was repayable within 120 days from the date of its origination and has been repaid during the year ended March 31, 2017.
- (vi) During the year ended March 31, 2016, the Company had obtained unsecured foreign currency denominated loans of ₹ 1,656 (USD 25 million), carrying an interest rate of LIBOR + 0.10% p.a. from a bank. The facility was repayable within 180 days from the date of its origination and has been repaid during the year ended March 31, 2017.
- (vii) Syngene had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 1,658 (USD 25 million) as of March 31, 2016 from The Royal Bank of Scotland N. V. that carried interest rate of Libor + 0.10% p.a. The loans were repayable at the end of 6 months from the date of its origination. The facility provided were secured by charge on fixed assets and current assets of Syngene. The loan had been fully repaid during the year ended March 31, 2017.

	March 31, 2018	March 31, 2017
<b>20. Trade payables</b>		
Trade payables	10,053	7,397
	<b>10,053</b>	<b>7,397</b>

All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 36.

	March 31, 2018	March 31, 2017
<b>21. Revenue from operations</b>		
Sale of products		
Finished goods	23,718	22,193
Traded goods	3,098	3,741
Sale of services		
Contract research and manufacturing services income	12,800	11,378
Licensing and development fees	228	1,451
Other operating revenue		
Sale of process waste	151	147
Export incentives	918	85
Others	384	221
<b>Revenue from operations</b>	<b>41,297</b>	<b>39,216</b>
<b>22. Other income</b>		
Interest income on:		
Deposits with banks and financial institutions	308	994
Others	119	121
Dividend income from current investments	25	156
Net gain on sale of current investments	583	39
Net gain on financial assets measured at fair value through profit or loss	16	132
Foreign exchange gain, net	831	-
<b>Other non-operating income</b>	<b>180</b>	<b>129</b>
	<b>2,062</b>	<b>1,571</b>
<b>23. Cost of raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	1,917	1,678
Add: Purchases	14,905	13,463
Less: Inventory at the end of the year	(2,372)	(1,917)
<b>Cost of raw materials and packing materials consumed</b>	<b>14,450</b>	<b>13,224</b>
<b>24. Changes in inventories of traded goods, finished goods and work-in-progress</b>		
Inventory at the beginning of the year		
Traded goods	223	262
Finished goods	1,747	1,773
Work-in-progress	2,466	1,711
	<b>4,436</b>	<b>3,746</b>
Inventory at the end of the year		
Traded goods	292	223
Finished goods	1,903	1,747
Work-in-progress	2,658	2,466
	<b>4,853</b>	<b>4,436</b>
	<b>(417)</b>	<b>(690)</b>
<b>25. Employee benefits expense</b>		
Salaries, wages and bonus	7,977	6,502
Contribution to provident and other funds	399	264
Gratuity [refer note 35]	134	82
Share-based compensation expense [refer note 30]	301	266
<b>Staff welfare expenses</b>	<b>500</b>	<b>356</b>
	<b>9,311</b>	<b>7,470</b>
<b>26. Finance costs</b>		
Interest expense on financial liabilities measured at amortised cost	657	260
Fair value changes on interest rate swap	(42)	-
	<b>615</b>	<b>260</b>

	March 31, 2018	March 31, 2017
<b>27. Depreciation and amortisation expense</b>		
Depreciation of tangible assets [refer note 3 and 4]	3,694	2,696
Amortisation of intangible assets [refer note 5]	157	119
	<u>3,851</u>	<u>2,815</u>
Less: Expenses capitalised to tangible assets	-	(43)
	<b>3,851</b>	<b>2,772</b>
<b>28. Other expenses</b>		
Royalty and technical fees	22	20
Rent	66	34
Communication expenses	62	59
Travelling and conveyance	617	516
Professional charges	758	566
Payment to auditors [refer note (a) below]	13	12
Directors' fees including commission	32	33
Power and fuel	1,890	1,564
Insurance	198	72
Rates, taxes and fees	451	222
Lab consumables	778	734
Repairs and maintenance		
Plant and machinery	1,245	844
Buildings	288	212
Others	710	530
Selling expenses		
Freight outwards and clearing charges	258	270
Sales promotion expenses	719	548
Commission and brokerage (other than sole selling agents)	5	256
Bad debts written off	4	6
Provision/(reversal) of doubtful debts, net	47	34
Foreign exchange loss, net	-	23
Printing and stationery	74	69
Research and development expenses [refer note 29]	1,918	2,724
Clinical trial & development expenses	143	134
CSR expenditure [refer note 43]	141	131
Miscellaneous expenses	282	216
	<u>10,721</u>	<u>9,829</u>
Less: Expenses capitalized to intangible assets	(1,703)	(1,366)
	<b>9,018</b>	<b>8,463</b>
<b>(a) Payments to auditors:</b>		
As auditor:		
Statutory audit fee	7	6
Tax audit fee	1	2
Limited review	3	2
In other capacity:		
Other services (certification fees)	1	1
Reimbursement of out-of-pocket expenses	1	1
	<u>13</u>	<u>12</u>
<b>29. Research and development expenses</b>		
Research & development expenses	1,918	2,724
Other Research & development expenses included in other heads	3,690	2,587
	<u>5,608</u>	<u>5,311</u>
Less: Recovery of product development costs from co-development partners (net)	(1,747)	(1,283)
Product development costs capitalised	(1,703)	(1,366)
	<b>2,158</b>	<b>2,662</b>

### 30. Employee stock compensation

#### (a) Biocon ESOP Plan

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries / joint venture company. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

#### Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's shares on the date of grant.

#### Details of Grant IV

Particulars	March 31, 2018		March 31, 2017	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	3,500	231
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	2,500	231
Expired during the year	-	-	1,000	231
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-
Range of exercise prices for outstanding options at the end of year	-	-	-	-

#### Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

#### Details of Grant V

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,487,586	119	791,875	343
Granted during the year	-	-	-	-
Forfeited during the year	149,250	122	74,625	344
Exercised during the year	615,339	111	221,388	307
Expired during the year	52,500	90	-	-
Outstanding at the end of the year	670,497	126	495,862	357
Exercisable at the end of the year	180,747	105	135,175	312
Weighted average remaining contractual life (in years)	1.7	-	2.5	-
Range of exercise prices for outstanding options at the end of year	80-157	-	221-471	-

\*adjusted for the effect of bonus shares

#### Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,883,714	157	1,185,839	470
Granted during the year	-	-	95,000	477
Forfeited during the year	226,125	157	61,600	470
Exercised during the year	936,475	157	258,001	471
Expired during the year	5,064	157	-	-
Outstanding at the end of the year	1,716,050	157	961,238	471
Exercisable at the end of the year	459,989	157	125,026	470
Weighted average remaining contractual life (in years)	1.4	-	2.3	-
Weighted average fair value of options granted (₹)	-	-	156	-
Range of exercise prices for outstanding options at the end of year	157-166	-	470-493	-

\*adjusted for the effect of bonus shares

#### Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	3,660,600	161	1,275,500	461
Granted during the year	105,000	194	200,000	605
Forfeited during the year	477,750	154	238,500	392
Exercised during the year	185,125	155	16,800	457
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,102,725	161	1,220,200	482
Exercisable at the end of the year	24,725	152	9,450	457
Weighted average remaining contractual life (in years)	4.2	-	5.2	-
Weighted average fair value of options granted (₹)	80	-	251	-
Range of exercise prices for outstanding options at the end of year	138-247	-	415-741	-

\*adjusted for the effect of bonus shares

#### Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing price as per National Stock Exchange as on the last day of the month preceding the month of first grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	784,500	153	312,500	459
Granted during the year	90,000	215	55,000	457
Forfeited during the year	31,500	152	105,000	457
Exercised during the year	115,500	152	1,000	457
Expired during the year	-	-	-	-
Outstanding at the end of the year	727,500	161	261,500	460
Exercisable at the end of the year	66,750	154	16,750	457
Weighted average remaining contractual life (in years)	3.2	-	3.8	-
Weighted average fair value of options granted (₹)	89	-	149	-
Range of exercise prices for outstanding options at the end of year	151-247	-	457-481	-

\*adjusted for the effect of bonus shares

**Grant IX**

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,402,500	165	-	-
Granted during the year	1,695,000	194	472,500	495
Forfeited during the year	352,500	165	5,000	467
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,745,000	183	467,500	496
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	7.9	-	8.9	-
Weighted average fair value of options granted (₹)	242	-	617	-
Range of exercise prices for outstanding options at the end of year	138-315	-	415-566	-

\*adjusted for the effect of bonus shares

**Grant X**

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2018		March 31, 2017	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	611,250	131	-	-
Granted during the year	945,000	182	255,000	388
Forfeited during the year	28,500	146	51,250	373
Exercised during the year	42,000	130	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,485,750	163	203,750	392
Exercisable at the end of the year	20,625	139	-	-
Weighted average remaining contractual life (in years)	3.9	-	4.3	-
Weighted average fair value of options granted (₹)	213	-	442	-
Range of exercise prices for outstanding options at the end of year	124-307	-	371-467	-

\*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2018 is ₹ 428 (March 31, 2017 - ₹ 870) per share after adjusting for the impact of bonus shares granted during the year.

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

Particulars	March 31, 2018	March 31, 2017
Weighted Average Exercise Price	153-315	388-605
Expected volatility	30.3% to 34.5%	29.5% to 33.4%
Historical volatility	35.3%	34.3%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Expected dividends per share	1.0	5.0
Average risk-free interest rate	6.9%	7.1%
Expected dividend rate	1.1%	1.1%

Expected volatility is based on historical volatility of the market price of the Company's publicly traded equity shares during the expected term of the option grant.

## (b) RSU Plan 2015

On March 11, 2015, Biocon's Remuneration Committee approved the Biocon - Restricted Stock Units (RSUs) of Syngene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries other than Syngene. The Remuneration Committee administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employee Welfare Trust. For this purpose, on March 31, 2015, the Company transferred 2,000,000 equity shares of Syngene to Biocon Limited Employees Welfare Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2018		March 31, 2017	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,296,552	-	1,231,803	-
Granted during the year	122,619	-	193,454	-
Forfeited during the year	172,424	-	117,963	-
Exercised during the year	197,353	-	10,742	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,049,394	-	1,296,552	-
Exercisable at the end of the year	69,958	-	92,320	-
Weighted average remaining contractual life (in years)	3.4	-	4.1	-
Weighted average fair value of options granted (₹)	502	-	468	-

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

Particulars	March 31, 2018	March 31, 2017
Weighted Average Exercise Price	-	-
Expected volatility	47.6%-52.9%	29.9% - 44.3%
Life of the options granted (vesting and exercise period) in years	5.0-6.5	5.0-6.5
Expected dividends per share	1.0	1.0
Average risk-free interest rate	6.9%	7.1%
Expected dividend rate	0.3%	0.3%

## (c) Syngene ESOP Plan

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of Syngene. The Board of Directors of Syngene approved the employee stock option plan of Syngene. On October 31, 2012 the Trust subscribed 6,680,000 equity shares (Face Value of ₹ 10 per share) of Syngene using the proceeds from interest free loan of ₹ 150 obtained from Syngene, adjusted for the consolidation of shares and bonus issue. As at March 31, 2018, the Trust holds 3,065,964 (March 31, 2017: 4,513,525) equity shares of face value of ₹ 10/- each, adjusted for the consolidation of shares and bonus issue. As at March 31, 2018, the Trust transferred 2,166,475 (March 31, 2017 - 2,166,475) equity shares to the employees of Syngene on exercise of their stock options.

### Grant

Pursuant to the Scheme, Syngene has granted options to eligible employees of Syngene under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees of Syngene. These options are exercisable at an exercise price of ₹ 22.50 per share (Face Value of ₹ 10 per share).

### Details of Grant

Particulars	March 31, 2018		March 31, 2017	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	3,634,457	22.5	4,942,835	22.5
Granted during the year	121,500	22.5	166,000	22.5
Forfeited during the year	73,174	22.5	68,684	22.5
Exercised during the year	1,447,561	22.5	1,405,694	22.5
Outstanding at the end of the year	2,235,222	22.5	3,634,457	22.5
Exercisable at the end of the year	1,121,670	22.5	668,492	22.5
Weighted average remaining contractual life (in years)	2.1	-	1.4	-
Weighted average fair value of options granted (₹)	479.8	-	484.6	-
Weighted average share price at the date of exercise (₹)	472.0	-	509.4	-

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

Particulars	March 31, 2018	March 31, 2017
Dividend yield (%)	0.3%	0.3%
Exercise Price (In ₹)	22.50	22.50
Volatility	33.5%	34.2%
Life of the options granted (vesting and exercise period)	6.15	6.15
Average risk-free interest rate	7.7%	6.7%

	March 31, 2018*	March 31, 2017
<b>Summary of movement in respect of shares held by ESOP Trust is as follows:</b>		
Opening balance	10,589,610	3,876,828
Add: Shares purchased by the ESOP trust	309,876	152,731
Less: Shares exercised by employees	(1,894,439)	(499,689)
<b>Closing balance</b>	<b>9,005,047</b>	<b>3,529,870</b>
Options granted and eligible for exercise at end of the year	752,836	286,401
Options granted but not eligible for exercise at end of the year	9,694,686	3,323,649
*adjusted for the effect of bonus issue		
<b>Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:</b>		
Opening balance	1,989,258	2,000,000
Less: Shares exercised by employees	(197,353)	(10,742)
<b>Closing balance</b>	<b>1,791,905</b>	<b>1,989,258</b>

### 31. Earnings per share ('EPS')

	March 31, 2018	March 31, 2017
<i>Earnings</i>		
Profit for the year attributable to the shareholders of the Company	3,724	6,121
<i>Shares</i>		
Basic outstanding shares	600,000,000	600,000,000
Less: Weighted average shares held with the ESOP Trust	(10,051,402)	(11,106,587)
<b>Weighted average shares used for computing basic EPS</b>	<b>589,948,598</b>	<b>588,893,413</b>
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	3,965,858	4,129,460
<b>Weighted average shares used for computing diluted EPS</b>	<b>593,914,456</b>	<b>593,022,873</b>
<b>Earnings per share</b>		
Basic	6.31	10.39
Diluted	6.27	10.32

\*adjusted for the effect of bonus shares. Refer note 14 (v).

### 32. Exceptional items (net)

- (a) Pursuant to a fire incident on December 12, 2016, at Syngene, certain fixed assets, inventory and other contents in one of the buildings were damaged. Syngene lodged an estimate of loss with the insurance company and the survey is currently ongoing. Syngene recorded a loss of ₹ 795 million arising from such incident during the year ended March 31, 2017. During the year ended March 31, 2018, Syngene has additionally recorded losses aggregating to ₹ 237 million. Syngene also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (₹ Nil) under Exceptional items in these financial statement. During the year ended March 31, 2018, Syngene has received an disbursement of ₹ 615 (March 31, 2017: ₹ 200) from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

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

- (b) During the year ended March 31, 2016, Syngene International Limited ('Syngene') completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of ₹ 10 each, by the Company. Gain arising from such sale of equity shares, net of related expenses and cost of equity shares, amounting to ₹ 3,160 was recorded as credit in equity in the consolidated financial statements net off consequential tax of ₹ 1,042 on such gains.

MAT credit on above transaction was not recorded in the year ended March 31, 2016, due to uncertainty of utilization. During the year ended March 31, 2017, pursuant to change in the Income tax law and other business restructuring, the Company believes that it will be able to utilize the MAT credit entitlement. Accordingly, during the year ended March 31, 2017, the Company had recorded MAT credit entitlement of ₹ 1,042 which was included in the income tax expense of the standalone financial statements. However, in the consolidated financial statements such entitlement was recognised as a credit in equity along with the underlying dilution gain on sale of equity stake in Syngene, as it did not impact Group's control.

- (c) During the year ended March 31, 2017, Biocon SA ("BSA") and Biocon Sdn. Bhd. ("Biocon Malaysia") had entered into an Assignment and License Agreement pursuant to which BSA transferred all of its rights, interests and obligations in Insulin Analogs (IPR) to Biocon Malaysia. Consequent to this transfer BSA recorded a net gain in its standalone books which is offered to tax under the Swiss tax laws. The above restructuring did not have any impact on consolidated financial statements, except for an exceptional tax cost of ₹ 78 representing the tax payable by BSA locally which has been included within income tax expense for the year ended March 31, 2017.



### 33. Related party transactions

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

Sl. No.	Name of the related party	Relationship	Description of transactions	April 1, 2017 to March 31, 2018 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2018 (Payable)/ Receivable	April 1, 2016 to March 31, 2017 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable
<b>A. Remuneration paid to Key Management Personnel [refer note (a) below]</b>							
1	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(23)	-	(20)	-
2	John Shaw	Vice-Chairman & Director	Salary and perquisites	(6)	-	(17)	-
3	Arun Chandavarkar	Joint Managing Director & CEO	Salary and perquisites	(38)	-	(33)	-
4	Siddharth Mittal	President - Finance and Chief Financial Officer	Salary and perquisites	(22)	-	(20)	-
5	Kiran Kumar	Company Secretary (upto Dec 15, 2016)	Salary and perquisites	-	-	(7)	-
6	Rajiv Balakrishnan	Company Secretary (w.e.f. Jan 24, 2017 upto Mar 2, 2018)	Salary and perquisites	(4)	-	(1)	-
<b>B. Remuneration paid to other Directors</b>							
7	Russell Walls	Independent director	Sitting fees and commission	(7)	(1)	(7)	(1)
8	Daniel M Bradbury	Independent director	Sitting fees and commission	(3)	-	(3)	-
9	Jeremy M Levin	Independent director	Sitting fees and commission	(3)	-	(4)	-
10	Mary Harney	Independent director	Sitting fees and commission	(4)	-	(3)	-
11	Vijay K Kuchroo	Independent director	Sitting fees and commission	(4)	(1)	(3)	(1)
12	Damodaran	Independent director	Sitting fees and commission	(2)	-	(2)	-
13	Ravi Mazumdar	Non-executive director	Sitting fees	-	-	-	-
<b>C. Others</b>							
14	Glentec International Limited	Enterprise owned by key management personnel	Rent expenses paid	-	(1)	-	(1)
15	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR Expenditure	(100)	-	(101)	-
16	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Other expenses	(32)	-	(25)	-
17	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods Trade receivables	73 -	- 15	41 -	- 4
18	NeoBiocon FZ LLC	Joint-venture	Sale of goods Purchase of goods Expenses incurred on behalf of the related party Trade receivables Trade payable Other receivable	13 (1,632) 1 -	- - 13 (126) 1	39 (1,208) - - - - -	- - 2 (62) -
19	Equilibrium, Inc.	Associate	Investment in equity shares	3	-	-	-

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

(b) Share-based compensation expense allocable to key management personnel is ₹ 22 (March 31, 2017 - ₹ 5) which is not included in the remuneration disclosed above.

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

(d) The Group has paid rent to P K Associates, a proprietary firm of relative of Director, which are not disclosed above since the amounts are rounded off to Rupees million

(e) All transactions with these related parties are priced on an arms length basis and none of the balances are secured.

	March 31, 2018	March 31, 2017
<b>34. Contingent liabilities and commitments</b>		
<i>(to the extent not provided for)</i>		
<b>(i) Contingent liabilities:</b>		
(a) Claims against the Group not acknowledged as debt	5,720	5,272
The above includes:		
(i) Direct taxation	4,376	4,304
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	950	575
(iii) Other litigations	394	393
Other than the matters disclosed above, the Group is also involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that the resolution of these proceedings will not have any material adverse effect on the Group's financial position or results of operations.		
 (b) Guarantees		
(i) Corporate guarantees given to Central Excise Department	148	648
(ii) Guarantees given by banks on behalf of the Group for contractual obligations of the Group.	21	20
<b>(ii) Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	5,270	1,925
 (b) Operating lease commitments		
<b>Where the Group is a lessee:</b>		
(I) Vehicles		
The Group has taken vehicles for certain employees under operating leases, which expire over a period upto January, 2022. Gross rental expenses for the year aggregate to ₹ 7 (March 31, 2017 - ₹ 22).		
The committed lease rentals in future are as follows:		
Not later than one year	1	26
Later than one year and not later than five years	2	36
(II) Rent		
The Group has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2027. Gross rental expenses for the year aggregate to ₹ 97 (March 31, 2017 - ₹ 57).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	30	-
Later than one year and not later than five years	44	-
Later than five years	180	-
(III) Finance lease commitments		
The Group has entered into lease for use of certain items of leasehold improvements on finance lease basis. The legal title to these items vests with lessor. The lease term of leasehold improvements is 10 years covering a period upto 2027.		
Future minimum lease payable including interest element under finance leases are as follows:		
Not later than one year	22	-
Later than one year and not later than five years	100	-
Later than five years	135	-

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

### 35. Employee benefit plans

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

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on April 01, 2017</b>	551	(60)	491
Current service cost	90	-	90
Interest expense / (income)	48	(4)	44
<b>Amount recognised in statement of profit and loss</b>	<b>138</b>	<b>(4)</b>	<b>134</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-
Actuarial (gain) / loss arising from:			
Demographic assumptions	23	-	23
Financial assumptions	(30)	-	(30)
Experience adjustment	26	-	26
<b>Amount recognised in other comprehensive income</b>	<b>19</b>	<b>-</b>	<b>19</b>
Employers contribution	(11)	-	(11)
Benefits paid	(17)	7	(10)
<b>Balance as at March 31, 2018</b>	<b>680</b>	<b>(57)</b>	<b>623</b>
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<b>Balance as on April 01, 2016</b>	<b>439</b>	<b>(63)</b>	<b>376</b>
Current service cost	54	-	54
Interest expense / (income)	33	(5)	28
<b>Amount recognised in statement of profit and loss</b>	<b>87</b>	<b>(5)</b>	<b>82</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(2)	(2)
Actuarial (gain) / loss arising from:			
Demographic assumptions	(3)	-	(3)
Financial assumptions	19	-	19
Experience adjustment	43	-	43
<b>Amount recognised in other comprehensive income</b>	<b>59</b>	<b>(2)</b>	<b>57</b>
Employers contribution	-	(24)	(24)
Benefits paid	(34)	34	-
<b>Balance as at March 31, 2017</b>	<b>551</b>	<b>(60)</b>	<b>491</b>
		<b>March 31, 2018</b>	<b>March 31, 2017</b>
Non-current		493	360
Current		130	131
		<b>623</b>	<b>491</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

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

	March 31, 2018	March 31, 2017
Interest rate	7.4%	6.9%
Discount rate	7.4%	6.9%
Expected return on plan assets	7.4%	6.9%
Salary increase	9% - 10%	9.0%
Attrition rate	14% - 30%	7% - 30%
Retirement age - Years	58	58

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

The weighted average duration of the defined benefit obligation was 6 years (March 31, 2017 - 8 years).

These defined benefit plans expose the Group to actuarial risks, such as longevity and interest rate risk.

## (iii) Sensitivity analysis

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

Particulars	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate	(35)	40	(26)	29
Salary increase	40	(8)	28	(26)
Attrition rate	(6)	6	(4)	5

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

As of March 31, 2018 and March 31, 2017, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2019, is approximately ₹ 89 (March 31, 2018 - ₹ 95).

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	89
2nd Following year	69
3rd Following year	81
4th Following year	66
5th Following year	61
Years 6 and above	960

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

### 36. Financial instruments: Fair value and risk managements

#### A. Accounting classification and fair values

March 31, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>								
Non-current investments	-	-	-	-	-	-	-	-
Derivative assets	19	2,085	-	2,104	-	2,104	-	2,104
Current investments	4,656	-	1,458	6,114	4,656	-	-	4,656
Trade receivables	-	-	10,639	10,639	-	-	-	-
Cash and cash equivalents	-	-	5,012	5,012	-	-	-	-
Other bank balances	-	-	8,216	8,216	-	-	-	-
Other financial assets	-	-	2,163	2,163	-	-	-	-
	<b>4,675</b>	<b>2,085</b>	<b>27,488</b>	<b>34,248</b>	<b>4,656</b>	<b>2,104</b>	-	<b>6,760</b>
<i>Financial liabilities</i>								
Borrowings	-	-	22,640	22,640	-	-	-	-
Trade payables	-	-	10,053	10,053	-	-	-	-
Derivative liability	-	245	-	245	-	245	-	245
Other financial liabilities	-	-	2,126	2,126	-	-	-	-
	-	<b>245</b>	<b>34,819</b>	<b>35,064</b>	-	<b>245</b>	-	<b>245</b>

March 31, 2017	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>								
Non-current investments	-	-	1,458	1,458	-	-	-	-
Derivative assets	71	2,080	-	2,151	-	2,151	-	2,151
Current investments	8,530	-	2,120	10,650	8,530	-	-	8,530
Trade receivables	-	-	8,832	8,832	-	-	-	-
Cash and cash equivalents	-	-	7,102	7,102	-	-	-	-
Other bank balances	-	-	3,341	3,341	-	-	-	-
Other financial assets	-	-	2,340	2,340	-	-	-	-
	<b>8,601</b>	<b>2,080</b>	<b>25,193</b>	<b>35,874</b>	<b>8,530</b>	<b>2,151</b>	-	<b>10,681</b>
<i>Financial liabilities</i>								
Borrowings	-	-	23,025	23,025	-	-	-	-
Trade payables	-	-	7,397	7,397	-	-	-	-
Derivative liability	-	124	-	124	-	124	-	124
Other financial liabilities	-	-	3,116	3,116	-	-	-	-
	-	<b>124</b>	<b>33,538</b>	<b>33,662</b>	-	<b>124</b>	-	<b>124</b>

#### B. Measurement of fair values

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

#### Sensitivity analysis

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

Significant observable inputs	March 31, 2018 Profit or (loss)		March 31, 2017 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(352)	352	(222)	223
Interest rates (100 bps movement)	(407)	407	(312)	312

### C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### (i) Risk management framework

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

#### (ii) Credit risk

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

Customer credit risk is managed by each business unit subject to Group's established policy, procedures and control relating to customer credit risk management. The Audit and Risk Management Committee of the respective Company's has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 10,639 (March 31, 2017: ₹ 8,832). The movement in allowance for impairment in respect of trade receivables, unbilled revenue and other receivables during the year was as follows:

Allowance for credit loss	March 31, 2018	March 31, 2017
Opening balance	90	56
Allowance for credit loss recognised / (reversed)	47	34
<b>Closing balance</b>	<b>137</b>	<b>90</b>

Receivable from one customer of the Group's trade receivables is ₹ 1,281 (March 31, 2017 - ₹ 785) which is more than 10 percent of the Group's total trade receivables.

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

#### (iii) Liquidity risk

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

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Group maintains lines of credit as stated in note 15 and note 19.

A future breach of covenants may require the Group to repay the borrowings earlier than indicated in the below table. The covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreements.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 7 years	Total
Long-term borrowings	3,439	5,823	11,554	521	21,337
Short-term borrowings	1,303	-	-	-	1,303
Trade payables	10,053	-	-	-	10,053
Other financial liabilities	2,186	185	-	-	2,371
<b>Total</b>	<b>16,981</b>	<b>6,008</b>	<b>11,554</b>	<b>521</b>	<b>35,064</b>

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	5 - 7 years	Total
Long-term borrowings	971	3,418	15,230	2,434	22,053
Short-term borrowings	972	-	-	-	972
Trade payables	7,397	-	-	-	7,397
Other financial liabilities	3,177	63	-	-	3,240
<b>Total</b>	<b>12,517</b>	<b>3,481</b>	<b>15,230</b>	<b>2,434</b>	<b>33,662</b>

#### (iv) Market risk

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

#### Foreign currency risk

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

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

March 31, 2018	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	5,853	350	1,077	7,280
Cash and cash equivalents	2,638	107	100	2,845
Other financial assets	1,742	14	1	1,757
<b>Financial liabilities</b>				
Non-current borrowings	(17,703)	-	-	(17,703)
Current borrowings	(1,190)	-	(113)	(1,303)
Derivative liability	(245)	-	-	(245)
Trade payables	(2,938)	(284)	(432)	(3,654)
Other financial liabilities	(3,345)	(110)	(264)	(3,719)
<b>Net financial assets / (liabilities)</b>	<b>(15,188)</b>	<b>77</b>	<b>369</b>	<b>(14,742)</b>

March 31, 2017	USD	EUR	Others	Total
<b>Financial assets</b>				
Trade receivables	4,098	299	279	4,676
Cash and cash equivalents	4,075	196	83	4,354
Other financial assets	1,051	23	276	1,350
<b>Financial liabilities</b>				
Non-current borrowings	(21,054)	-	-	(21,054)
Current borrowings	(972)	-	-	(972)
Derivative liability	(124)	-	-	(124)
Trade payables	(1,528)	(527)	(983)	(3,038)
Other financial liabilities	(2,069)	(221)	(53)	(2,343)
<b>Net financial assets / (liabilities)</b>	<b>(16,523)</b>	<b>(230)</b>	<b>(398)</b>	<b>(17,151)</b>

#### 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>USD Sensitivity</b>				
INR/USD - Increase by 1%	(152)	(165)	(501)	(387)
INR/USD - Decrease by 1%	152	165	501	388
<b>EUR Sensitivity</b>				
INR/EUR - Increase by 1%	1	(2)	(2)	(2)
INR/EUR - Decrease by 1%	(1)	2	2	2

#### Derivative financial instruments

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

Particulars	March 31, 2018	March 31, 2017
	(in Million)	
Foreign exchange forward contracts to buy	USD 383	USD 30
European style option contracts with periodical maturity dates	USD 190	USD 320
European style option contracts with periodical maturity dates	-	USD 2
European style range forward contracts with periodical maturity dates	USD 52	-
European style range forward contracts with periodical maturity dates	EUR 9	EUR 6

**Cash flow and fair value interest rate risk**

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended March 31, 2018 and March 31, 2017 the Group's borrowings at variable rate were mainly denominated in USD.

**(a) Interest rate risk exposure**

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

Particulars	March 31, 2018	March 31, 2017
Variable rate borrowings	17,564	22,989
Fixed rate borrowings	5,076	36
<b>Total borrowings</b>	<b>22,640</b>	<b>23,025</b>

**(b) Sensitivity**

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

**37: Capital management**

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

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

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

The capital structure as of March 31, 2018 and 2017 was as follows:

Particulars	March 31, 2018	March 31, 2017
Total equity attributable to owners of the Company	51,808	48,377
<b>As a percentage of total capital</b>	<b>70%</b>	<b>68%</b>
Long-term borrowings	21,337	22,053
Short-term borrowings	1,303	972
Total borrowings	22,640	23,025
<b>As a percentage of total capital</b>	<b>30%</b>	<b>32%</b>
<b>Total capital (Equity and Borrowings)</b>	<b>74,448</b>	<b>71,402</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)



### 38. Tax expenses

	March 31, 2018	March 31, 2017
<b>(a) Amount recognised in Statement of profit and loss</b>		
Current tax	1,522	2,082
Deferred tax expense / (income) related to:		
MAT credit entitlement	(259)	(369)
Origination and reversal of temporary differences	306	(97)
<b>Tax expense for the year</b>	<b>1,569</b>	<b>1,616</b>
<b>(b) Reconciliation of effective tax rate</b>		
Profit before tax	6,100	8,497
Tax at statutory income tax rate 34.61% (March 31, 2017 - 34.61%)	2,111	2,941
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income</i>		
Difference in overseas tax rates	-	203
Weighted deduction on research and development expenditure	(294)	(520)
Exempt income and other deductions	(851)	(1,020)
Non-deductible expense	149	123
Tax losses	535	(131)
Tax on exceptional items	-	78
Share in profit of joint venture	(65)	(56)
Others	(16)	(2)
<b>Income tax expense</b>	<b>1,569</b>	<b>1,616</b>
<b>(c) Unrecognised temporary differences</b>		
Unused temporary differences for which no deferred tax has been recognised	1,943	1,809
Potential tax impact	360	350
Expiry date [Financial year]	2022-23 to 2023-24	2022-23 to 2023-24

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## (d) Recognised deferred tax assets and liabilities

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

For the year ended March 31, 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax liability</b>					
Property, plant and equipment, investment property and intangible assets	685	121	-	-	806
Derivatives	201	-	-	-	201
Others	30	(12)	-	-	18
<b>Gross deferred tax liability</b>	<b>916</b>	<b>109</b>	<b>-</b>	<b>-</b>	<b>1,025</b>
<b>Deferred tax assets</b>					
Defined benefit obligations	182	24	6	-	212
Allowance for doubtful debts	20	6	-	-	26
Other disallowable expenses	169	10	-	-	179
MAT credit entitlement	2,113	259	-	-	2,372
Tax losses	262	(247)	-	-	15
Others	145	10	-	-	155
<b>Gross deferred tax assets</b>	<b>2,891</b>	<b>62</b>	<b>6</b>	<b>-</b>	<b>2,959</b>
	<b>1,975</b>	<b>(47)</b>	<b>6</b>	<b>-</b>	<b>1,934</b>

For the year ended March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
<b>Deferred tax liability</b>					
Property, plant and equipment, investment property and intangible assets	686	(1)	-	-	685
Derivative assets	-	-	201	-	201
Others	-	30	-	-	30
<b>Gross deferred tax liability</b>	<b>686</b>	<b>29</b>	<b>201</b>	<b>-</b>	<b>916</b>
<b>Deferred tax assets</b>					
Defined benefit obligations	168	(1)	15	-	182
Allowance for doubtful debts	14	6	-	-	20
Other disallowable expenses	145	24	-	-	169
Deferred revenue	162	(162)	-	-	-
MAT credit entitlement	702	369	-	1,042	2,113
Derivative liability	91	(29)	(62)	-	-
Tax losses	-	262	-	-	262
Others	119	26	-	-	145
<b>Gross deferred tax assets</b>	<b>1,401</b>	<b>495</b>	<b>(47)</b>	<b>1,042</b>	<b>2,891</b>
	<b>715</b>	<b>466</b>	<b>(248)</b>	<b>1,042</b>	<b>1,975</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

### 39. Interest in other entities

#### (a) Subsidiaries

The Group's subsidiaries as at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by the non-controlling interest		Principal activities
		March 31, 2018 %	March 31, 2017 %	March 31, 2018 %	March 31, 2017 %	
Syngene International Limited	India	73.5	73.5	26.5	26.5	Research services
Biocon Research Limited	India	100.0	100.0	-	-	Research and development
Biocon Pharma Limited	India	100.0	100.0	-	-	Biopharmaceutical manufacturing
Biocon Biologics India Limited	India	100.0	100.0	-	-	Biopharmaceutical manufacturing
Biocon Academy	India	100.0	100.0	-	-	Not for profit organisation
Biocon SA	Switzerland	100.0	100.0	-	-	Research and development
Biocon Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Biopharmaceutical manufacturing
Biocon Biologics Limited	United Kingdom	100.0	100.0	-	-	Sale of biosimilar products
Biocon Pharma Inc.	United States	100.0	100.0	-	-	Sale of pharmaceutical products
Biocon Healthcare Sdn. Bhd.	Malaysia	100.0	Nil	-	-	Trading of biopharmaceutical products
Syngene USA Inc.	United States	73.5	Nil	26.5	-	Business support and marketing for research services
Biocon FZ LLC.	Dubai	100.0	100.0	-	-	Trading of biopharmaceutical products

#### (b) Non-controlling interests

Below is the summarised financial information for Syngene International Limited that has non-controlling interests that is material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

##### Summarised balance sheet

Particulars	March 31, 2018	March 31, 2017
Non-current assets	14,691	12,507
Current assets	17,193	15,241
<b>Total assets</b>	<b>31,884</b>	<b>27,748</b>
Non-current liabilities	6,850	7,614
Current liabilities	7,833	6,003
<b>Total liabilities</b>	<b>14,683</b>	<b>13,617</b>
<b>Net assets</b>	<b>17,201</b>	<b>14,131</b>
<b>Accumulated non-controlling interest</b>	<b>4,677</b>	<b>3,761</b>

##### Summarised statement of profit and loss

Particulars	March 31, 2018	March 31, 2017
Revenue from operations	14,231	12,009
Profit for the year	3,051	2,873
Other comprehensive income	87	848
<b>Total comprehensive income</b>	<b>3,138</b>	<b>3,721</b>
Total comprehensive income allocated to non-controlling interests	830	984
Dividends (including dividend distribution tax) paid to non-controlling interests	62	-

##### Summarised statement of cash flows

Particulars	March 31, 2018	March 31, 2017
Cash flows from / (used in) operating activities	4,456	3,981
Cash flows from / (used in) investing activities	(3,496)	(4,691)
Cash flows from / (used in) financing activities	(787)	(812)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>173</b>	<b>(1,522)</b>

**(c) (i) Interest in joint venture**

The group had only one joint venture in the name of NeoBiocon FZ LLC ("NeoBiocon") , incorporated in Dubai as at March 31, 2018 holding 49% (March 31, 2017: 49%) of the equity stake and accounted for using the equity method. In the opinion of the directors is material to the Group. NeoBiocon has share capital solely consisting of equity shares, which are held directly by ownership interest in the same proportion of voting rights held.

Summarised balance sheet of NeoBiocon is as follows:

Particulars	March 31, 2018	March 31, 2017
Non-current assets	10	14
Current assets	1,830	1,266
<b>Total assets</b>	<b>1,840</b>	<b>1,280</b>
Non-current liabilities	44	34
Current liabilities	400	299
<b>Total liabilities</b>	<b>444</b>	<b>333</b>
<b>Net assets</b>	<b>1,396</b>	<b>947</b>
<b>Percentage ownership interest</b>	<b>49%</b>	<b>49%</b>
<b>Accumulated Group's share of net assets</b>	<b>638</b>	<b>422</b>

Summarised statement of profit and loss of NeoBiocon is as follows:

Particulars	March 31, 2018	March 31, 2017
Revenue from operations	1,632	1,250
Profit for the year	441	333
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>441</b>	<b>333</b>
Share of profits from joint venture	216	163
Dividends received	-	-

**(c) (ii) Interest in associates**

	March 31, 2018	March 31, 2017
IATRICa Inc. - 4,285,714 (March 31, 2017 - 4,285,714) Series A Preferred Stock at US\$ 0.70 each, par value US \$ 0.00001 each	131	131
Less: Provision for decline, other than temporary, in the value of non-current investments	(131)	(131)
	-	-
Equillium Inc. - 242,236 (March 31, 2017 - Nil) Common shares at US\$ 0.25 each, par value US \$ 0.0001 each	3	-
Less: Share of loss of associate	(3)	-
<b>Total interest in associates</b>	<b>-</b>	<b>-</b>
	-	-
<b>Total investment in associates and joint venture</b>	<b>638</b>	<b>422</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

## 40. Segment Reporting

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Group's performance based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the Group are primarily enterprises in Small Molecules ("SMV"), Biologics, Branded Formulations ("BF") and Research Services ("Research")

April 1, 2017 to March 31, 2018

Particulars	SMV	Biologics	BF	Research	Unallocated	Eliminations	Total
<b>Revenues</b>							
External revenue	15,007	6,286	6,115	13,889	-	-	41,297
Inter-segment revenue	70	1,416	-	342	-	(1,828)	-
<b>Total revenues</b>	<b>15,077</b>	<b>7,702</b>	<b>6,115</b>	<b>14,231</b>	<b>-</b>	<b>(1,828)</b>	<b>41,297</b>
<b>Costs</b>							
Segment costs	(11,610)	(5,807)	(4,407)	(10,325)	-	-	(32,149)
Inter-segment costs	-	(342)	(1,486)	-	-	1,828	-
<b>Results</b>							
Corporate expenses	-	-	-	-	(857)	-	(857)
Other income including interest	-	-	-	1,358	704	-	2,062
<b>Operating profit</b>							<b>10,353</b>
Depreciation / Amortisation	(624)	(1,669)	(10)	(1,314)	(234)	-	(3,851)
Finance costs	-	-	-	(225)	(390)	-	(615)
Share of profit of joint venture and associate	-	(3)	216	-	-	-	213
<b>Segment results</b>	<b>2,843</b>	<b>(119)</b>	<b>428</b>	<b>3,725</b>	<b>(777)</b>	<b>-</b>	<b>6,100</b>
Income taxes - Current and deferred	-	-	-	-	(1,569)	-	(1,569)
Non-controlling interests	-	-	-	-	(807)	-	(807)
<b>Profit after taxes</b>							<b>3,724</b>
<b>Other Information</b>							
Segment assets	17,681	36,038	2,927	31,890	-	-	88,536
Unallocable corporate assets	-	-	-	-	11,361	-	11,361
<b>Total assets</b>							<b>99,897</b>
Segment liabilities	4,320	7,704	1,872	14,686	-	-	28,582
Unallocable corporate liabilities	-	-	-	-	14,830	-	14,830
<b>Total liabilities</b>							<b>43,412</b>

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

April 1, 2016 to March 31, 2017

Particulars	SMV	Biologics	BF	Research	Unallocated	Eliminations	Total
<b>Revenues</b>							
External revenue	16,330	5,793	5,489	11,604	-	-	39,216
Inter-segment revenue	75	1,225	-	321	-	(1,621)	-
<b>Total revenues</b>	<b>16,405</b>	<b>7,018</b>	<b>5,489</b>	<b>11,925</b>	<b>-</b>	<b>(1,621)</b>	<b>39,216</b>
<b>Costs</b>							
Segment costs	(11,511)	(4,641)	(3,886)	(7,849)	-	-	(27,887)
Inter-segment costs	-	(321)	(1,300)	-	-	1,621	-
<b>Results</b>							
Corporate expenses	-	-	-	-	(1,534)	-	(1,534)
Other income including interest	-	-	-	707	864	-	1,571
<b>Operating profit</b>							<b>11,366</b>
Depreciation / Amortisation	(752)	(659)	(3)	(1,143)	(215)	-	(2,772)
Finance costs	-	-	-	(175)	(85)	-	(260)
Share of profit of joint venture and associate	-	-	163	-	-	-	163
<b>Segment results</b>	<b>4,142</b>	<b>1,397</b>	<b>463</b>	<b>3,465</b>	<b>(970)</b>	<b>-</b>	<b>8,497</b>
Income taxes - Current and deferred	-	-	-	-	(1,616)	-	(1,616)
Non-controlling interests	-	-	-	-	(760)	-	(760)
<b>Profit after taxes</b>							<b>6,121</b>
<b>Other Information</b>							
Segment assets	16,116	34,111	2,386	27,738	-	-	80,351
Unallocable corporate assets	-	-	-	-	13,591	-	13,591
<b>Total assets</b>							<b>93,942</b>
Segment liabilities	3,548	8,251	1,650	13,607	-	-	27,056
Unallocable corporate liabilities	-	-	-	-	14,748	-	14,748
<b>Total liabilities</b>							<b>41,804</b>

**Geographical segments**

Revenues, net	April 1, 2017 to March 31, 2018	April 1, 2016 to March 31, 2017
India	13,390	11,799
United States of America	10,072	8,997
Rest of the world	17,835	18,420
<b>Total</b>	<b>41,297</b>	<b>39,216</b>
Non-current assets	March 31, 2018	March 31, 2017
India	31,110	26,823
Malaysia	20,366	20,031
Rest of the world	3,644	1,889
<b>Total</b>	<b>55,120</b>	<b>48,743</b>

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

**Significant clients**

No customer individually account for more than 10% of the revenue in the year ended March 31, 2018 and March 31, 2017.

**Segment revenue and results**

The expenses that are not directly attributable and that can not be allocated to a business segment on a reasonable basis are shown as unallocated corporate expenses.

**Segment assets and liabilities**

Segment assets include all operating assets used by the business segment and consist principally of fixed assets and current assets. Segment liabilities comprise of liabilities which can be directly allocated against the respective segments. Assets and liabilities that have not been allocated between segments are shown as part of unallocated corporate assets and liabilities respectively.

41. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary/associates/joint venture

Name of Entity	Net assets as at March 31, 2018		Share in profit or loss for the year ended March 31, 2018		Share in other comprehensive income for the year ended March 31, 2018		Share in total comprehensive income for the year ended March 31, 2018	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Limited	66%	67,386	52%	2,385	-37%	(65)	49%	2,320
<b>Subsidiaries</b>								
<i>Indian</i>								
Syngene International Limited	12%	12,524	49%	2,244	37%	64	48%	2,308
Biocon Research Limited	1%	979	9%	431	82%	144	12%	575
Biocon Pharma Limited	-	87	-2%	(88)	14%	25	-1%	(63)
Biocon Biologics India Limited	-	(10)	-	(11)	-	-	-	(11)
Biocon Academy	-	-	-	-	-	-	-	-
<i>Foreign</i>								
Biocon SA	4%	3,982	-6%	(255)	-	-	-5%	(255)
Biocon Sdn Bhd	3%	2,877	-15%	(696)	-9%	(16)	-15%	(712)
Biocon Biologics Limited	9%	9,223	-4%	(203)	-	-	-4%	(203)
Biocon Pharma Inc.	-	230	-5%	(216)	-	-	-5%	(216)
Biocon FZ LLC.	-	(28)	-	(13)	-	-	-	(13)
Biocon Healthcare Sdn Bhd	-	7	-	(9)	-	-	-	(9)
Syngene USA Inc.	-	6	-	3	-	-	-	3
<b>Joint venture</b>								
<i>Foreign</i>								
NeoBiocon FZ LLC.	1%	638	5%	216	-	-	5%	216
<b>Associates</b>								
<i>Foreign</i>								
IATRIca Inc., USA	-	-	-	-	-	-	-	-
Equilibrium Inc., USA	-	-	-	(3)	-	-	-	(3)
Non-controlling interest	5%	4,677	18%	807	13%	23	17%	830
<b>Gross Total</b>	<b>100%</b>	<b>102,578</b>	<b>100%</b>	<b>4,592</b>	<b>100%</b>	<b>175</b>	<b>100%</b>	<b>4,767</b>
Adjustment arising on consolidation		(46,093)		(61)		(22)		(83)
<b>Total</b>		<b>56,485</b>		<b>4,531</b>		<b>153</b>		<b>4,684</b>

Name of Entity	Net assets as at March 31, 2017		Share in profit or loss for the year ended March 31, 2017		Share in other comprehensive income for the year ended March 31, 2017		Share in total comprehensive income for the year ended March 31, 2017	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>Holding Company</b>								
Biocon Limited	71%	65,411	56%	5,193	8%	85	51%	5,278
<b>Subsidiaries</b>								
<i>Indian</i>								
Syngene International Limited	11%	10,370	23%	2,113	63%	624	27%	2,737
Biocon Research Limited	-	(213)	7%	661	-	(2)	6%	659
Biocon Pharma Limited	-	131	-	4	3%	27	-	31
Biocon Biologics India Limited	-	-	-	-	-	-	-	-
Biocon Academy	-	-	-	-	-	-	-	-
<i>Foreign</i>								
Biocon SA	5%	4,436	7%	684	-	-	7%	684
Biocon Sdn Bhd	4%	3,531	-	5	3%	30	-	35
Biocon Biologics Limited	5%	4,229	-2%	(189)	-	-	-2%	(189)
Biocon Pharma Inc.	-	(8)	-1%	(98)	-	-	-1%	(98)
Biocon FZ LLC.	-	(15)	-	(21)	-	-	-	(21)
<b>Joint venture</b>								
<i>Foreign</i>								
NeoBiocon FZ LLC.	-	422	2%	163	-	-	2%	163
<b>Associates</b>								
<i>Foreign</i>								
IATRICa Inc., USA	-	-	-	-	-	-	-	-
Non-controlling interest	4%	3,761	8%	760	23%	224	10%	984
<b>Gross Total</b>	<b>100%</b>	<b>92,055</b>	<b>100%</b>	<b>9,275</b>	<b>100%</b>	<b>988</b>	<b>100%</b>	<b>10,263</b>
Adjustment arising on consolidation		(39,917)		(2,394)		(118)		(2,512)
<b>Total</b>		<b>52,138</b>		<b>6,881</b>		<b>870</b>		<b>7,751</b>



## 42. Other notes

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2018.

## 43. Corporate Social Responsibility

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

(a) Gross amount required to be spent by the Group during the year is ₹ 141; and

(b) Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	141	-	141

## 44. Disclosure on Specified Bank Notes (SBNs)

During the year ended March 31, 2017, the Group 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:

Particulars	Amount in Rupees		
	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	523,000	1,398,946	1,921,946
(+) Permitted receipts	-	1,956,642	1,956,642
(-) Permitted payments	-	(2,556,809)	(2,556,809)
(-) Amount deposited in Banks	(523,000)	-	(523,000)
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>798,779</b>	<b>798,779</b>

\* 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.

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

## 46. Events after reporting period

On April 26, 2018, the Board of Directors of the Company has proposed a final dividend of ₹ 1 per equity share. The proposed dividend is subject to the approval of the shareholders in the Annual general meeting.

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 26, 2018

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

**Kiran Mazumdar-Shaw**

Chairperson & Managing Director

DIN: 00347229

**Siddharth Mittal**

President - Finance & Chief

Financial Officer

Bengaluru

April 26, 2018

**Arun Chandavarkar**

Jt. Managing Director & CEO

DIN: 01596180



## Corporate Information

### Biocon Limited

20th KM Hosur Road  
Electronic City  
Bengaluru – 560 100, India  
T – +91 80 2808 2808

W – [www.biocon.com](http://www.biocon.com)

@bioconlimited

company/biocon

bioconlimited

bioconblog.com

**For Shareholders:** [co.secretary@biocon.com](mailto:co.secretary@biocon.com)

**For Investors n Analysts:** [saurabh.paliwal@biocon.com](mailto:saurabh.paliwal@biocon.com)

**For Media:** [seema.ahuja@biocon.com](mailto:seema.ahuja@biocon.com)

### Forward Looking Statement

#### Biocon FY18 Annual Report

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. The market data & rankings used in the various chapters are based on several published reports and internal company assessment.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

### Concept

#### Enduring Edge

The theme of Annual Report 2018 captures Biocon's journey of endurance across the arduous and long path of innovation-led biotechnology research, which has given the Company the edge in bringing to patients life-saving biopharmaceuticals for chronic therapies like Diabetes, Oncology and Immunology that are affordable and thus accessible.

#### Creative Concept and Story Telling:

Team Corporate Communications, Biocon

E – [corporate.communications@biocon.com](mailto:corporate.communications@biocon.com)

#### Design:

Trisys Communications

E – [info@trisys.com](mailto:info@trisys.com)

#### Photography:

E – [vivanmehra@gmail.com](mailto:vivanmehra@gmail.com)

**NOTE:** The Financial Report Section of the Annual Report 2018 has been printed on eco-friendly, recycled paper as part of our commitment to sustainability. Keeping the weather condition in mind, a plastic envelope has been used, however, we have taken care to use recycled plastic.



Biocon Limited

20th KM Hosur Road, Electronic City, Bengaluru – 560 100, India

T – +91 80 2808 2808

E – [corporate.communications@biocon.com](mailto:corporate.communications@biocon.com)

W – [www.biocon.com](http://www.biocon.com)

