Independent Auditor's Report

To The Members of Syngene International Limited

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

We have audited the accompanying Ind AS financial statements of Syngene International Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

We conducted our audit of the 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 Ind AS financial statements are free from material misstatement.

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

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

Opinion

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

Other Matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 26 April 2016 and 28 April 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

      i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32(i)(a) to the Ind AS financial statements;

      ii. provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 28 to the financial statements;

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

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

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Annexure - A to the Independent Auditor's Report

The Annexure referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of Syngene International Limited ("the Company") on the Ind AS financial statements of the Company for the year ended 31 March 2017. We report that:

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

(b) The Company has a regular programme of physical verification of its property, plant & equipment by which all property, plant & 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 & equipment were verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations give to us and on the basis of our examination of the records of the Company, the Company is in the process of registering the title deeds of immovable properties comprising of land and building acquired during the year ended March 31, 2015, from merger of Clinigene International Limited (an erstwhile wholly owned subsidiary of the Company) amounting to INR 177 million. Also refer note 3 to the Ind AS financial statements pertaining to buildings constructed on leasehold land.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 ("the Order") are not applicable to the Company and hence not commented upon.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public. 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, duty of excise, service tax, cess and other material statutory dues have generally been 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, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	706	9	PY 2002-03 to PY 2008-09	High Court of Karnataka
Income-tax Act, 1961	Income tax	785	361	PY 2009-10 to PY 2013-14	Commissioner of Income tax (Appeals)
Finance Act, 1994	Service tax (including interest)	6	1	March 2005 to February 2007	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Non-deduction of tax at source	2	-	FY 2009-10 FY 2010-11	Joint Commissioner, Commercial Taxes

(viii) In our opinion and according to the information and explanations give to us, the Company does not have defaults existing as at the balance sheet date in repayment of borrowings to banks. The Company did not have any borrowings during the year by way of debentures, loans from financial institutions or loan from the Government.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, we report that monies raised by the Company by way of term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds amounting to INR 2,740 million as at March 31, 2017, which were not required for immediate utilization have been invested in fixed deposits. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).

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

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

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

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

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(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.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Annexure - B to the Independent Auditor's Report of even date on the Ind AS financial statement of Syngene International 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 Syngene International Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's 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 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 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

*f*or B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Balance Sheet as at March 31, 2017

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

	Note	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	7,944	5,743	4,976
Capital work-in-progress	3	1,749	2,368	1,051
Intangible assets	4	160	59	57
Financial assets				
Derivative assets		1,056	598	849
Other financial assets	9(a)	33	59	13
Deferred tax assets (net)	10	637	717	585
Income tax assets (net)		443	335	399
Other non-current assets	11(a)	485	329	217
Total non-current assets		**12,507**	**10,208**	**8,147**
Current assets				
Inventories	5	322	377	384
Financial assets				
Investments	6	5,404	2,766	1,461
Trade receivables	7	1,987	1,852	1,799
Cash and cash equivalents	8(a)	2,345	3,873	1,157
Bank balances other than above	8(b)	2,928	3,326	-
Derivative assets		931	489	207
Other financial assets	9(b)	243	345	189
Other current assets	11(b)	1,071	319	338
Total current assets		**15,231**	**13,347**	**5,535**
Total assets		**27,738**	**23,555**	**13,682**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12(a)	2,000	2,000	2,000
Other equity	12(b)	12,131	8,247	5,957
Total equity		**14,131**	**10,247**	**7,957**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	13(a)	6,898	7,252	186
Provisions	16(a)	199	181	132
Other non-current liabilities	17(a)	517	535	655
Total non-current liabilities		**7,614**	**7,968**	**973**
Current liabilities				
Financial liabilities				
Borrowings	13(b)	972	1,658	1,364
Trade payables	14	1,025	744	692
Other financial liabilities	15	1,033	184	137
Provisions	16(b)	134	75	63
Income tax liabilities (net)		78	99	31
Other current liabilities	17(b)	2,751	2,580	2,465
Total current liabilities		**5,993**	**5,340**	**4,752**
Total equity and liabilities		**27,738**	**23,555**	**13,682**

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

JMM Shaw
Director
DIN: 00347250

Jonathan Hunt
Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 27, 2017

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

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

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	18	12,009	11,070
Other income	19	707	63
Total income		**12,716**	**11,133**
Expenses			
Cost of chemicals, reagents and consumables consumed	20	3,212	3,148
Changes in inventories of finished goods and work-in-progress	21	6	(44)
Employee benefits expense	22	3,086	2,493
Finance costs	23	175	84
Depreciation and amortisation expense	24	1,143	973
Other expenses	25	1,629	1,669
Total expenses		**9,251**	**8,323**
Profit before tax and exceptional item		**3,465**	**2,810**
Exceptional item	36	-	-
Profit before tax		3,465	2,810
Tax expenses			
- Current tax		710	537
- Less: MAT credit entitlement		(219)	(166)
- Deferred tax		101	31
		592	**402**
Profit for the year		**2,873**	**2,408**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(28)	(19)
Income tax effect		5	3
Net other comprehensive income not to be reclassified subsequently to profit or loss		(23)	(16)
(ii) Items that will be reclassified subsequently to profit or loss			
Fair value changes on cash flow hedges		1,074	28
Income tax effect		(203)	(6)
Net other comprehensive income to be reclassified subsequently to profit or loss		871	22
Other comprehensive income for the year, net of income tax		848	6
Total comprehensive income for the year		**3,721**	**2,414**
Earnings per equity share	38		
Basic (in ₹)		14.71	12.38
Diluted (in ₹)		14.55	12.19

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
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Bengaluru
April 27, 2017

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

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

(A) Equity share capital	March 31, 2017	March 31, 2016
Opening balance	2,000	2,000
Changes in equity share capital	-	-
Closing balance	2,000	2,000

(B) Other equity

Particulars	Reserves and surplus					Items of Other Comprehensive Income		
	Securities premium reserve	General reserve	Treasury shares	Retained earnings	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity
Balance as at April 01, 2015	969	47	(110)	4,940	134	-	(23)	5,957
Profit for the year	-	-	-	2,408	-	-	-	2,408
Other comprehensive income, net of tax	-	-	-	-	-	22	(16)	6
Total comprehensive income for the year	-	-	-	2,408	-	22	(16)	2,414
Transactions recorded directly in equity								
Dividends	-	-	-	(200)	-	-	-	(200)
Dividend distribution tax	-	-	-	(41)	-	-	-	(41)
Exercise of share options	40	-	-	-	(40)	-	-	-
Changes in reserve of ESOP Trust	-	-	22	-	-	-	-	22
Share based payment	-	-	-	-	95	-	-	95
Balance as at March 31, 2016	1,009	47	(88)	7,107	189	22	(39)	8,247
Profit for the year	-	-	-	2,873	-	-	-	2,873
Other comprehensive income, net of tax	-	-	-	-	-	871	(23)	848
Total comprehensive income for the year	-	-	-	2,873	-	871	(23)	3,721
Transactions recorded directly in equity								
Exercise of share options	79	-	-	-	(79)	-	-	-
Changes in reserve of ESOP Trust	-	-	21	-	-	-	-	21
Share based payment	-	-	-	-	142	-	-	142
Balance as at March 31, 2017	1,088	47	(67)	9,980	252	893	(62)	12,131

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
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April 27, 2017

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

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

		Year ended March 31, 2017	Year ended March 31, 2016
I	Cash flows from operating activities		
	Profit for the year	2,873	2,408
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation	1,143	973
	Tax expenses	592	402
	Provision for doubtful receivables	18	9
	Bad debts written off	6	-
	Share based payments to employees	142	95
	Interest expense	171	13
	Unrealised foreign exchange gain	(44)	(100)
	Dividend income on current investments	(143)	(60)
	Net gain on financial assets measured at fair value through profit or loss	(63)	(2)
	Proceeds from insurance company towards loss of tangible assets	159	-
	Interest income	(501)	(1)
	Operating profit before working capital changes	**4,353**	**3,737**
	Movements in working capital		
	Decrease/ (increase) in inventories	55	7
	Decrease/ (increase) in trade receivables	(190)	(110)
	Decrease/ (increase) in other assets	(8)	(239)
	Increase/ (decrease) in trade payables, other liabilities and provisions	512	87
	Cash generated from operations	4,722	3,482
	Direct taxes paid (net of refunds)	(745)	(401)
	Net cash flow generated from operating activities	3,977	3,081
II	Cash flows from investing activities		
	Purchase of tangible assets	(2,931)	(2,928)
	Purchase of intangible assets	(133)	(18)
	Proceeds from sale of tangible assets	-	2
	Investment in bank deposits (having original maturity of more than 3 months)	(13,315)	(3,326)
	Redemption/ maturity of bank deposits	13,712	-
	Dividend received	143	60
	Interest received	409	1
	Proceeds from sale of current investments	8,175	8,516
	Purchase of current investments	(10,751)	(9,819)
	Net cash flow used in investing activities	**(4,691)**	**(7,512)**
III	Cash flows from financing activities		
	Proceeds from exercise of share options	21	22
	Proceeds from long term borrowings	-	7,074
	Proceeds/ (repayments) from short term borrowings, net	(658)	319
	Dividend paid on equity shares	-	(200)
	Tax on equity dividend paid	-	(41)
	Interest paid	(171)	(13)
	Net cash flow generated from/ (used in) financing activities	(808)	7,161

Statement of Cash Flows for the year ended March 31, 2017 (Contd.)

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

		Year ended March 31, 2017	Year ended March 31, 2016
IV	Net increase/(decrease) in cash and cash equivalents (I+II+III)	(1,522)	2,730
V	Effect of exchange difference on cash and cash equivalents held in foreign currency	(6)	(14)
VI	Cash and cash equivalents at the beginning of the year	3,873	1,157
VII	Cash and cash equivalents at the end of the year (IV+V+VI)	2,345	3,873
	Components of cash and cash equivalents as at the end of the year		
	Cash on hand	1	-
	Balances with banks	2,344	3,873
	Total cash and cash equivalents [refer note 8(a)]	2,345	3,873

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

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M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 27, 2017

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

1. Company Overview

1.1 Reporting entity

Syngene International Limited ("Syngene" or "the Company"), is engaged in providing contract research and manufacturing services in early stage drug discovery and development to pharmaceutical and biotechnology companies worldwide. Syngene' s services include discovery chemistry and biology services, toxicology, pharmaceutical development, process development /manufacture of advanced intermediates, active pharmaceutical ingredients and bio-therapeutics. 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 financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in Note 30.

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

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

b) Functional and presentation currency

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

c) Basis of measurement

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

- Certain financial assets and liabilities (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 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 2(a) and 28 — Financial instruments;
- Note 2(b) and 2(c) — Useful lives of property, plant and equipment and intangible assets;
- Note 27 — Assets and obligations relating to employee benefits;
- Note 35 — Share based payments; and
- Note 2(k) and 31 — Provision for income taxes and related tax contingencies.

1.3 Assumptions and estimation uncertainties

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

— Note 28 – impairment of financial assets; and

— Note 16 and 32 – 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 35 – share based payment arrangements; and
- Note 2(a) and 28 – financial instruments.

2. Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- 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 as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit 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 statement of 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. 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 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 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 or 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 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 statement of profit or loss.

vi. Treasury shares

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

vii. Cash and cash equivalents

Cash and cash 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 a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, 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.

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or 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 and land under perpetual lease are not depreciated.

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

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

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

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

c. Intangible assets

Internally generated

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 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 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.

i. Subsequent expenditure

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

ii. Amortisation

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

- Computer software 5 years
- Intellectual property right 5-10 years

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

d. 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 (see Note 4). 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.

e. 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.

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

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

f. 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 financial assets measured at amortised cost.

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

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

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 or loss.

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

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

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g. Employee benefits

i. Gratuity

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

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident Fund

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

iii. Compensated absences

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

iv. Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

h. 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.

i. Revenue

i. 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 Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer.

The Company collects service tax and sales taxes, as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

ii. Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

iii. Interest Income

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

iv. Contribution received from customers towards plant and equipment

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

j. 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 presented as a reduction to the carrying amount of the related asset. Grants related to Income are recognized in statement of profit and loss as other operating revenues..

k. 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.

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.

l. 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.

m. 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.

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

3. Property, plant and equipment and Capital work-in-progress

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
Gross carrying amount								
At April 01, 2015	42	1,510	7,529	68	149	13	9,311	1,051
Additions	-	276	1,412	4	34	-	1,726	3,043
Disposals	-	-	8	-	-	2	10	1,726
At March 31, 2016	42	1,786	8,933	72	183	11	11,027	2,368
Additions	555	718	2,568	28	96	6	3,971	3,444
Disposals	-	98	1,743	31	25	2	1,899	4,063
At March 31, 2017	**597**	**2,406**	**9,758**	**69**	**254**	**15**	**13,099**	**1,749**
Accumulated depreciation								
At April 01, 2015	-	340	3,822	59	108	6	4,335	-
Depreciation	-	66	873	6	12	-	957	-
Disposals	-	-	6	-	-	2	8	-
At March 31, 2016	-	406	4,689	65	120	4	5,284	-
Depreciation	-	86	991	9	22	3	1,111	-
Disposals	-	36	1,152	31	19	2	1,240	-
At March 31, 2017	-	**456**	**4,528**	**43**	**123**	**5**	**5,155**	-
Net carrying amount								
At April 01, 2015	42	1,170	3,707	9	41	7	4,976	1,051
At March 31, 2016	42	1,380	4,244	7	63	7	5,743	2,368
At March 31, 2017	**597**	**1,950**	**5,230**	**26**	**131**	**10**	**7,944**	**1,749**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross Block ₹ 555 (March 31, 2016 - ₹ Nil).

(b) Plant and equipment includes computers.

(c) Buildings with a cost of ₹ 2,272 (March 31, 2016 - ₹ 1,655) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

(d) Foreign exchange gain of ₹ 169 (March 31, 2016 - ₹ 8) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset.

(e) Additions to property, plant and equipment includes additions related to other expenses & finance costs capitalised during the year amounting to ₹ 37 (March 31, 2016 - ₹ 53).

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

4. Intangible assets

	Computer software	Intellectual property right [refer note (a)]	Total
Gross carrying amount			
At April 01, 2015	69	-	69
Additions	18	-	18
Disposals	-	-	-
At March 31, 2016	87	-	87
Additions	13	120	133
Disposals	-	-	-
At March 31, 2017	100	120	220
Accumulated depreciation			
At April 01, 2015	12	-	12
Depreciation	16	-	16
Disposals	-	-	-
At March 31, 2016	28	-	28
Depreciation	18	14	32
Disposals	-	-	-
At March 31, 2017	46	14	60
Net carrying amount			
At April 01, 2015	57	-	57
At March 31, 2016	59	-	59
At March 31, 2017	54	106	160

Note:

(a) The Company acquired the intellectual property rights in system biology and pharma services practice along with a team of data scientists from Strand Life Sciences Private Limited with effect from August 1, 2016 for a consideration of ₹ 120 paid in cash. The transaction was accounted under Ind AS 103 "Business Combinations" as a business combination with the purchase price being allocated to identifiable assets i.e. Intellectual property right at fair value.

	March 31, 2017	March 31, 2016	April 1, 2015
5. Inventories			
Chemicals, reagents and consumables	139	188	239
Work-in-progress	134	142	119
Finished goods	49	47	26
	322	377	384

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

	March 31, 2017	March 31, 2016	April 1, 2015
6. Current investments			
Investments In Mutual Funds (unquoted) (Non trade)			
UTI Treasury Advantage Fund - 122,052 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 2,242 each	274	-	-
Reliance Money Manager Fund - 69,072 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 2,243 each	155	-	-
Kotak Treasury Advantage Fund - 7,932,353 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 26 each	207	-	-
HDFC Floating Rate Income Fund - 29,265,060 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 28 each	828	-	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan - 36,646,667 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 22 each	816	-	-
IDFC Ultra Short term Fund - 26,359,631 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 23 each	607	-	-
BIRLA Savings Fund - 2,431,913 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 319 each	775	-	-
ICICI Prudential Flexible Income Fund - 1,947,431 units (March 31, 2016: Nil; April 1, 2015: Nil) of ₹ 311 each	606	-	-
Baroda Pioneer Liquid Fund - Plan A Daily Dividend - Nil units (March 31, 2016: 40,637; April 1, 2015: Nil) of ₹ 1,001 each	-	41	-
Axis Liquid Fund - Daily Dividend - Nil (March 31, 2016: 200,433; April 1, 2015: Nil) units of ₹ 1,000 each	-	201	-
UTI-Treasury Advantage Fund - Daily Dividend Reinvestment - Nil (March 31, 2016: 252,021; April 1, 2015: Nil) units of ₹ 1,002 each	-	253	-
SBI Premier Liquid Fund - Regular Plan - Daily Dividend - Nil (March 31, 2016: 80,487; April 1, 2015: Nil) units of ₹ 1,003 each	-	81	-
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan - 5,303,556 (March 31, 2016: 5,016,970; April 1, 2015: 2,521,502) units of ₹ 100 each	533	503	253
Birla Sun Life Cash Plus - Daily Dividend- Direct Plan - Nil (March 31, 2016: Nil; April 1, 2015: 93,857) units of ₹ 100 each	-	-	10
Birla Sun Life Cash Plus - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 748,871) units of ₹ 100 each	-	-	75
ICICI FMP Series 78 - 95 D Plan K Dividend - Nil (March 31, 2016: 13,003,654; April 1, 2015: Nil) units of ₹ 10 each	-	132	-
ICICI Prudential Flexible Income - Daily Dividend - 5,706,959 (March 31, 2016: 4,689,806; April 1, 2015: 2,391,423) units of ₹ 106 each	603	496	253
ICICI Prudential Liquid - Regular Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 699,774) units of ₹ 100 each	-	-	70
JP Morgan Liquid Fund - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 4,033,108) units of ₹ 10 each	-	-	40
TATA Liquid Fund Plan A - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 82,653) units of ₹ 1115 each	-	-	92
TATA Floater Fund Plan A - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 125,068) units of ₹ 1003 each	-	-	126
HDFC Liquid Fund - Direct Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 1,013,825) units of ₹ 10 each	-	-	10
HDFC Liquid Fund - Regular Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 266,017) units of ₹ 10 each	-	-	3
HDFC liquid fund - Daily Dividend Reinvestment - Nil (March 31, 2016: 171,988; April 1, 2015: Nil) units of ₹ 1,020 each	-	175	-
HDFC Floating Rate Income Fund -Short Term - Dividend Reinvestment - Nil (March 31, 2016: 49,241,163; April 1, 2015: 14,034,587 units) of ₹ 10 each	-	496	142
Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 18,308) units of ₹ 1,223 each	-	-	22
Kotak Liquid Fund Plan A - Regular Plan - Daily Dividend - Nil (March 31, 2016: Nil; April 1, 2015: 99,734) units of ₹ 1,223 each	-	-	122
Reliance Money Manager Fund - Daily Dividend Plan - Nil (March 31, 2016: 151,044; April 1, 2015: Nil) units of ₹ 1,004 each	-	152	-
Reliance Liquid Fund - Regular Plan - Daily Dividend - Nil (March 31, 2016: 154,108; April 1, 2015: 125,892) units of ₹ 1,529 each	-	236	193
Reliance Liquid Fund - Cash Plan - Daily Dividend - Nil units (March 31, 2016: Nil; April 1, 2015: 45,147 units) of ₹ 1,114 each	-	-	50
	5,404	2,766	1,461

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

	March 31, 2017	March 31, 2016	April 1, 2015
7. Trade receivables			
Unsecured, considered good [refer note 26]	1,987	1,852	1,799
Doubtful	32	14	5
	2,019	**1,866**	**1,804**
Less: Allowance for doubtful receivables	(32)	(14)	(5)
	1,987	**1,852**	**1,799**
The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 28.			
8. Cash and bank balances			
(a) Cash and cash equivalents			
Cash on hand	1	- *	- *
Balances with banks (in current accounts)	2,344	3,873	1,157
	2,345	**3,873**	**1,157**
(b) Bank balances other than above			
Deposits with maturity of less than 12 months	2,928	3,326	-
	2,928	**3,326**	**-**
* Less than ₹ 0.5 million.			
9. Other financial assets			
(a) Non-current			
Deposits	33	59	13
	33	**59**	**13**
(b) Current			
Unbilled revenues	243	345	189
	243	**345**	**189**
10. Deferred tax asset (net)			
Deferred tax asset			
MAT credit entitlement	899	680	514
Derivatives	-	85	120
Employee benefit obligations	58	80	51
Others	15	-	-
	972	**845**	**685**
Deferred tax liability			
Derivatives	147	-	-
Property, plant and equipment and intangible assets	158	128	100
Others	30	-	-
	335	**128**	**100**
Deferred tax asset (net)	**637**	**717**	**585**
11. Other assets			
(a) Non-current			
Capital advances	21	39	131
Balances with statutory/government authorities	415	284	78
Prepayments	49	6	8
	485	**329**	**217**
(b) Current			
Recoverable from insurance company (refer note 36)	592	-	-
Advances other than capital advances	78	101	55
Export incentive receivables	73	-	-
Balances with statutory/government authorities	161	150	234
Prepayments	167	68	49
	1,071	**319**	**338**

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

	March 31, 2017	March 31, 2016	April 1, 2015
12 (a). Equity share capital			
Authorised			
250,000,000 (March 31, 2016: 250,000,000; April 1, 2015: 250,000,000) equity shares of ₹ 10/- each (March 31, 2016 - ₹ 10 each; April 01, 2015 - ₹ 10 each)	2,500	2,500	2,500
Issued, subscribed and fully paid-up			
200,000,000 (March 31, 2016: 200,000,000; April 1, 2015: 200,000,000) equity shares of ₹ 10/- each (March 31, 2016 - ₹ 10 each; April 01, 2015 - ₹ 10 each)	2,000	2,000	2,000
	2,000	2,000	2,000

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

Equity shares	March 31, 2017		March 31, 2016	
	No.	₹	No.	₹
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issued during the year	-	-		-
At the end of the year	200,000,000	2,000	200,000,000	2,000

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend 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.

During the year ended March 31, 2017, Interim dividend distributed to equity share holders was ₹ Nil/- (March 31, 2016: ₹ 1/-) per equity share on face value of ₹ 10/- each (March 31, 2016 - ₹10/- each).

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.

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

	March 31, 2017		March 31, 2016	
	No.	% holding	No.	% holding
Equity Shares of ₹ 10/- each fully paid				
Biocon Limited (holding company)	145,217,843	72.61%	145,217,843	72.61%
Biocon Research Limited (subsidiary of Biocon Limited)	1,866,673	0.93%	1,866,673	0.93%

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

	March 31, 2017		March 31, 2016	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid				
Biocon Limited	145,217,843	72.61%	145,217,843	72.61%
Silver Leaf Oak (Mauritius) Limited	14,390,777	7.20%	19,850,000	9.93%

(e) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2017	March 31, 2016
Equity shares allotted as fully paid bonus shares by capitalization of surplus in Statement of profit and loss *	41,750,000	41,750,000
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	2,166,475	760,781

* The Company issued fully paid bonus shares of 41,750,000 (Face value: ₹ 5 per share) in ratio of 1:7.260869565 on 28th February 2012 by capitalisation of surplus in statement of profit and loss pursuant to the approval of the shareholders of the Company at the EGM held on 14th December 2011.

The Company issued fully paid bonus shares of 171,931,136 (Face value: ₹ 10 per share) in ratio of 1:6.1253329 on 27th March 2015 by capitalisation of securities premium pursuant to the approval of the shareholders of the Company at the EGM held on 16th March 2015.

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

@ Syngene Employees Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option Plan 2011. The part consideration was received in form of employee services.

(f) During the year ended March 31, 2016, the Company completed the Initial Public Offering (IPO) through an offer for sale of 22,000,000 equity shares of ₹ 10 each at a price of Rs.250 per equity share, by Biocon Ltd, the Company's holding company aggregating upto ₹ 5,500 and the equity shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on August 11, 2015.

(g) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer to note 35.

12(b). Other equity

Securities premium

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

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 35 for further details on these plans.

Cash flow hedging reserves

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

	March 31, 2017	March 31, 2016	April 1, 2015
13. Borrowings			
(a) Non-current borrowings			
Term loans from banks			
Buyers credit loan(secured) [refer note (i) below]	611	624	186
External commercial borrowings(secured) [refer note (ii) below]	6,481	6,628	-
	7,092	7,252	186
Less: Amount disclosed under "other current financial liabilities" [refer note 15]	(194)	-	-
	6,898	7,252	186
(b) Current borrowings			
Term loans from banks			
Pre shipment credit [refer note (iii), (iv) and (v) below]	972	1,658	1,364
	972	1,658	1,364
The above amount includes			
Secured borrowings	7,416	8,910	186
Unsecured borrowings	648	-	1,364
Less: Amount disclosed under "other current financial liabilities" [refer note 15]	(194)	-	-
	7,870	8,910	1,550

Notes:

(i) The Company has obtained foreign currency denominated long term secured buyer's credit loans of ₹ 611 (USD 9.41 million) [March 31, 2016 - ₹ 624 (USD 9.41 million)] as of March 31, 2017 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan is guaranteed by Hongkong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hongkong and Shanghai Banking Corporation Limited, India is secured by a pari passu charge on the current assets and movable fixed assets of the Company 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.

(ii) (a) The Company has entered into External Commercial Borrowing agreement with The Hongkong and Shanghai Banking Corporation Limited (the Agent), Citibank N.A. and HSBC Bank (Mauritius) Limited (the Lead arrangers) dated March 30, 2016 to borrow ₹ 6,481 (USD 100 million) comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of the Company.

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

(ii) (b) 'Facility A' of ₹ 3 ,241 (USD $ 50 million) carries an interest rate of Libor + 1.04% and is repayable in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of ₹ 3,240 (USD $ 50 million) carries an interest rate of Libor + 1.30% and is repayable in March 2021.

(ii) (c) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of the Company with a carrying amount of ₹ 6,700.

(iii) The Company has obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 324 (USD 5 Million) [March 31, 2016 - Nil] from The Hongkong and Shanghai Banking Corporation Limited that carries interest rate of Libor + 1.42%. The loans are repayable after the end of 6 months from the date of its origination. The facility provided are secured by a pari passu charge on the current assets and movable fixed assets of the Company.

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 648 (USD 10 Million) [March 31, 2016 - Nil] from HDFC Bank Limited that carries interest rate of Libor + 1.42%. The loans are repayable after the end of 6 months from the date of its origination.

(v) The Company 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%. 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 the Company.

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

	March 31, 2017	March 31, 2016	April 1, 2015
14. Trade payables			
Trade payables			
Total outstanding dues of micro and small enterprises [refer note (a) below]	26	15	5
Total outstanding dues of creditors other than micro and small enterprises [refer note 26]	999	729	687
	1,025	744	692
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act")			
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year			
- Principal amount due to micro and small enterprise	26	15	5
- Interest due on above	0.2	0.8	0.1
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	15	80	44
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	0.5	3	1
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	5	4	1
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.			
(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.			
15. Other financial liabilities			
Current maturities of long term borrowings with banks [refer note 13]	194	-	-
Payable for capital goods	839	184	137
	1,033	184	137

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

	March 31, 2017	March 31, 2016	April 1, 2015
16. Provisions			
(a) Non-current			
Provision for employee benefits			
Gratuity (refer note 27)	199	181	132
	199	181	132
(b) Current			
Provision for employee benefits			
Gratuity (refer note 27)	40	-	-
Compensated absences	94	75	63
	134	75	63

(i) Movement in provisions	Gratuity	Compensated absences
Opening balance	181	75
Provision recognised during the year	58	19
Closing balance	239	94

	March 31, 2017	March 31, 2016	April 1, 2015
17. Other liabilities			
(a) Non-current			
Deferred rent liability	24	26	22
Deferred revenues	493	509	633
	517	535	655
(b) Current			
Advances from customers	2,258	2,378	2,188
Book overdraft	263	-	90
Deferred revenues	157	147	144
Statutory dues	73	55	43
	2,751	2,580	2,465

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

	Year ended March 31, 2017	Year ended March 31, 2016
18. Revenue from operations		
Sale of services		
Contract research and manufacturing services income	11,695	10,856
Other operating revenues		
Scrap sales	20	22
Export incentives	85	-
Others [refer note (a) below]	209	192
	12,009	11,070

Note:

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

	Year ended March 31, 2017	Year ended March 31, 2016
19. Other income		
Interest income on:		
Deposits with banks	409	1
Tax refunds	92	-
Dividend income on current investments	143	60
Net gain on financial assets measured at fair value through profit or loss	63	2
	707	63
20. Cost of chemicals, reagents and consumables consumed		
Inventory at the beginning of the year	188	239
Add : Purchases	3,163	3,097
Less: Inventory at the end of the year	(139)	(188)
	3,212	3,148
21. Changes in Inventories of finished goods and work-in-progress		
Inventories at the beginning of the year		
Work-in-progress	142	119
Finished goods	47	26
	189	145
Inventories at the end of the year		
Work-in-progress	134	142
Finished goods	49	47
	183	189
	6	(44)
22. Employee benefits expense		
Salaries, wages and bonus	2,668	2,168
Contribution to provident fund and other funds	114	93
Gratuity expenses (refer note 27)	38	30
Share based payments to employees (refer note 35)	142	95
Staff welfare expenses	124	107
	3,086	2,493
23. Finance costs		
Interest expense	171	13
Bank charges	4	4
Exchange difference to the extent considered as an adjustment to borrowing cost	-	67
	175	84

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

	Year ended March 31, 2017	Year ended March 31, 2016
24. Depreciation and amortisation expense		
Depreciation of tangible assets [refer note 3]	1,111	957
Amortisation of intangible assets [refer note 4]	32	16
	1,143	973
25. Other expenses		
Rent	57	57
Communication expenses	14	12
Travelling and conveyance	176	118
Professional charges	248	200
Directors' fees	14	13
Payments to auditors [refer note (a) below]	5	5
Power and fuel	304	308
Facility charges	99	105
Insurance	42	25
Rates and taxes	24	10
Repairs and maintenance		
Plant and machinery	188	167
Buildings	106	53
Others	108	75
Selling expenses		
Freight outwards and clearing charges	27	20
Sales promotion expenses	26	22
Commission	10	6
Foreign exchange fluctuation (net)	(229)	179
Provision for doubtful receivables	18	9
Bad debts written off	6	-
Printing and stationery	21	23
Clinical trial expenses	134	80
Contributions towards CSR (refer note 37)	41	31
Miscellaneous expenses	190	151
	1,629	1,669
(a) Payments to auditors [refer note (i) below]:		
As an auditor:		
Statutory audit	2	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Audit/Limited review fee in relation to IPO	-	6
Other services (certification fees) [refer note (ii) below]	-	1
Reimbursement of expenses [refer note (ii) below]	1	-
Reimbursement of expenses in relation to IPO	-	1
Less: Reimbursed by Biocon Limited [Refer note 26]	-	(7)
	5	5

(i) Includes ₹ 1 (March 31, 2016 - ₹ 5) paid to erstwhile auditors

(ii) Amounts are not presented since the amounts are rounded off to Rupees million.

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

26. Related party transactions

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

Sl No	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at		
				March 31, 2017 Expenses/ (Income)/ Other transactions	March 31, 2016 Expenses/ (Income)/ Other transactions	March 31, 2017 Payable/ (Receivable)	March 31, 2016 Payable/ (Receivable)	April 1, 2015 Payable/ (Receivable)
A.	**Remuneration paid to key management personnel [refer note (i) below]**							
(a)	Peter Bains	Director and Chief Executive Officer (upto March 31, 2016)	Salary and perquisites	-	44	-	20	4
(b)	Jonathan Hunt	Chief Executive Officer (w.e.f. January 4, 2016)	Salary and perquisites	28	8	-	-	-
			Share based payments	47	12	-	-	-
(c)	M.B. Chinappa	Chief Financial officer	Salary and perquisites	31	26	-	-	-
			Share based payments	5	7	-	-	-
(d)	Mayank Verma	Company Secretary	Salary and perquisites	3	2	-	-	-
			Share based payments	- *	- *	-	-	-
B.	Others							
(a)	Biocon Limited	Holding Company	Rent expense	47	50	-	-	-
			Power and facility charges [refer note (ii) below]	423	419	-	-	-
			Purchase of goods	4	4	-	-	-
			Other expenses	92	93	-	-	-
			Sale of services	(89)	(107)	-	-	-
			Recovery of expenses incurred towards IPO	-	(45)	-	-	-
			Interim dividend	-	145	-	-	-
			Trade payables	-	-	121	106	136
			Deferred rent liability	-	-	24	23	22
			Rent deposit paid	-	-	(20)	(20)	(2)
			Advance from customers	-	-	-	4	17
			Trade receivables	-	-	(53)	(29)	(28)
			Guarantee given on behalf of Biocon Limited to Customs & Excise Department ('CED')	-	-	(500)	(500)	(500)
			Guarantee given by Biocon Limited to CED on behalf of the Company	-	-	148	148	242

26. Related party transactions (Contd.)

Sl No	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at		
				March 31, 2017 Expenses/ (Income)/ Other transactions	March 31, 2016 Expenses/ (Income)/ Other transactions	March 31, 2017 Payable/ (Receivable)	March 31, 2016 Payable/ (Receivable)	April 1, 2015 Payable/ (Receivable)
(b)	Biocon Research Limited	Fellow subsidiary	Sale of services	(4)	(116)	-	-	-
			Interim dividend	-	2	-	-	-
			Advance from customers	-	-	-	6	9
			Trade receivables	-	-	(7)	(30)	(20)
(c)	Biocon SA, Switzerland	Fellow subsidiary	Sale of services	(60)	(34)	-	-	-
			Trade receivables	-	-	(61)	(35)	(10)
(d)	Biocon Biologics Limited, UK	Fellow subsidiary	Sale of services	(127)	-	-	-	-
			Trade receivables	-	-	(81)	-	-
(e)	Biocon Sdn. Bhd., Malaysia	Fellow subsidiary	Sale of services	(38)	-	-	-	-
			Purchase of goods	2	-	-	-	-
			Trade receivables	-	-	(37)	-	-
			Trade payables	-	-	2	-	-
(f)	Biocon Foundation	Trust #	Contribution towards CSR	41	31	-	-	-
(g)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(2)	(1)	-	-	-
			Trade receivables	-	-	(1)	- *	- *

* Less than ₹ 0.5 million.

Trust in which Kiran Mazumdar Shaw is a Trustee.

Notes:

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

(ii) Effective from October 1, 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs 106 (Year ended March 31, 2016 - ₹ 105) and power charges (including other charges) of ₹ 317 (Year ended March 31, 2016 - ₹ 314) have been charged by Biocon Limited for the year ended March 31, 2017.

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

NeoBiocon FZ LLC, a subsidiary of Biocon Limited

Biocon FZ LLC, a subsidiary of Biocon Limited

Biocon Pharma Limited, a subsidiary of Biocon Limited

Biocon Pharma Inc, a subsidiary of Biocon Limited

Biocon Biologics Limited, India - subsidiary of Biocon Limited

Biocon Academy, a subsidiary of Biocon Limited

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

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

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

27. Employee benefit plans

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

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2016	183	(2)	181
Current service cost	24	-	24
Interest cost	14	-	14
Amount recognised in Statement of profit and loss	38	-	38
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	- *	-
Actuarial (gain) / loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	9	-	9
Experience adjustment	19	-	19
Amount recognised in other comprehensive income	28	-	28
Benefits paid	(8)	-	(8)
Balance as at March 31, 2017	241	(2)	239

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liability
Balance as on April 01, 2015	140	(8)	132
Current service cost	19	-	19
Interest cost	11	-	11
Amount recognised in Statement of profit and loss	30	-	30
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	- *	-
Actuarial (gain) / loss arising from:			
Financial assumptions	4	-	4
Experience adjustment	15	-	15
Amount recognised in other comprehensive income	19	-	19
Benefits paid	(6)	6	-
Balance as at March 31, 2016	183	(2)	181

* Less than ₹ 0.5 million.

	March 31, 2017	March 31, 2016	April 1, 2015
Non current	199	181	132
Current	40	-	-
	239	181	132

The nature of assets allocation of the plan assets is in debt based mutual funds of high credit rating.

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

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

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	6.7%	7.5%	7.9%
Expected return on plan assets	6.7%	7.5%	7.9%
Salary increase	9.0%	9.0%	9.0%
Attrition rate (based on Age of the Employee)	7% - 26%	7% - 26%	7% - 26%
Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.			

(iii) Sensitivity analysis

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

	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate	(11)	13	(8)	9
Salary increase	12	(11)	9	(8)
Attrition rate	(2)	2	(1)	1

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, 2017 and March 31, 2016, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2018, is approximately ₹ 40 (March 31, 2017 - ₹ Nil).

Maturity profile of defined benefit obligation

Particulars	₹ Millions
1st Following year	40
2nd Following year	34
3rd Following year	29
4th Following year	25
5th Following year	21
Years 6 to 10	90

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

28. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

March 31, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	-	1,056	-	1,056	-	1,056	-	1,056
Other financial assets (non-current)	-	-	33	33	-	-	-	-
Investments	5,404	-	-	5,404	5,404	-	-	5,404
Trade receivables	-	-	1,987	1,987	-	-	-	-
Cash and cash equivalents	-	-	2,345	2,345	-	-	-	-
Bank balances other than above	-	-	2,928	2,928	-	-	-	-
Derivative assets (current)	71	860	-	931	-	931	-	931
Other financial assets (current)	-	-	243	243	-	-	-	-
	5,475	1,916	7,536	14,927	5,404	1,987	-	7,391
Financial liabilities								
Borrowings (non-current)	-	-	6,898	6,898	-	-	-	-
Borrowings (current)	-	-	972	972	-	-	-	-
Trade payables	-	-	1,025	1,025	-	-	-	-
Other financial liabilities (current)	-	-	1,033	1,033	-	-	-	-
	-	-	9,928	9,928	-	-	-	-

March 31, 2016	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	39	559	-	598	-	598	-	598
Other financial assets (non-current)	-	-	59	59	-	-	-	-
Investments	2,766	-	-	2,766	2,766	-	-	2,766
Trade receivables	-	-	1,852	1,852	-	-	-	-
Cash and cash equivalents	-	-	3,873	3,873	-	-	-	-
Bank balances other than above	-	-	3,326	3,326	-	-	-	-
Derivative assets (current)	283	206	-	489	-	489	-	489
Other financial assets (current)	-	-	345	345	-	-	-	-
	3,088	765	9,455	13,308	2,766	1,087	-	3,853
Financial liabilities								
Borrowings (non-current)	-	-	7,252	7,252	-	-	-	-
Borrowings (current)	-	-	1,658	1,658	-	-	-	-
Trade payables	-	-	744	744	-	-	-	-
Other financial liabilities (current)	-	-	184	184	-	-	-	-
	-	-	9,838	9,838	-	-	-	-

April 01, 2015	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	271	578	-	849	-	849	-	849
Other financial assets (non-current)	-	-	13	13	-	-	-	-
Investments	1,461	-	-	1,461	1,461	-	-	1,461
Trade receivables	-	-	1,799	1,799	-	-	-	-
Cash and cash equivalents	-	-	1,157	1,157	-	-	-	-
Derivative assets (current)	132	75	-	207	-	207	-	207
Other financial assets (current)	-	-	189	189	-	-	-	-
	1,864	653	3,158	5,675	1,461	1,056	-	2,517
Financial liabilities								
Borrowings (non-current)	-	-	186	186	-	-	-	-
Borrowings (current)	-	-	1,364	1,364	-	-	-	-
Trade payables	-	-	692	692	-	-	-	-
Other financial liabilities (current)	-	-	137	137	-	-	-	-
	-	-	2,379	2,379	-	-	-	-

Measurement of fair values

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

Sensitivity analysis

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

	March 31, 2017 Profit or (loss)		March 31, 2016 Profit or (loss)	
Significant observable inputs	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(190)	191	(168)	183
Interest rates (100 bps movement)	(165)	165	-	-

B. Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

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

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 1,987 (March 31, 2016: ₹ 1,852, April 01, 2015: ₹ 1,799). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	March 31, 2017	March 31, 2016
Opening balance	14	5
Impairment loss recognised	18	9
Closing balance	32	14

Receivable from one customer of the Company's trade receivables is ₹ 222 [March 31, 2016 - ₹ 492(two customers)] which is more than 10 percent of the Company's total trade receivables.

Credit risk on cash and cash equivalent is limited as the Company generally invest in deposits with banks having high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

(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. In addition, the Company maintains line of credits as stated in Note 13.

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

Particulars	Less than 1 year	1 - 2 years	2 - 5 years	5 - 7 years	Total
Borrowings (non-current)	194	1,226	5,672	-	7,092
Borrowings (current)	972	-	-	-	972
Trade payables	1,025	-	-	-	1,025
Other financial liabilities	839	-	-	-	839
Total	3,030	1,226	5,672	-	9,928

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

Particulars	Less than 1 year	1 - 2 years	2 - 5 years	5 - 7 years	Total
Borrowings (non-current)	-	198	7,054	-	7,252
Borrowings (current)	1,658	-	-	-	1,658
Trade payables	744	-	-	-	744
Other financial liabilities	184	-	-	-	184
Total	2,586	198	7,054	-	9,838

(iv) Market risk

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

Foreign currency risk

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

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

March 31, 2017	USD	EUR	Others	Total
Financial assets				
Trade receivables	1,711	40	12	1,763
Cash and cash equivalents	368	-	-	368
Other financial assets (current)	200	23	-	223
Financial liabilities				
Borrowings (non-current)	(6,898)	-	-	(6,898)
Borrowings (current)	(972)	-	-	(972)
Trade payables	(209)	(22)	(42)	(273)
Other financial liabilities (current)	(685)	(70)	(6)	(761)
Net assets / (liabilities)	(6,485)	(29)	(36)	(6,550)

March 31, 2016	USD	EUR	Others	Total
Financial assets				
Trade receivables	1,570	173	-	1,743
Cash and cash equivalents	478	-	-	478
Other financial assets (current)	274	32	-	306
Financial liabilities				
Borrowings (non-current)	(7,252)	-	-	(7,252)
Borrowings (current)	(1,658)	-	-	(1,658)
Trade payables	(107)	(15)	(3)	(125)
Other financial liabilities (current)	(35)	(8)	(12)	(55)
Net assets / (liabilities)	(6,730)	182	(15)	(6,563)

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
USD Sensitivity				
INR/USD - Increase by 1%	(72)	(119)	(420)	(238)
INR/USD - Decrease by 1%	72	124	421	253
EUR Sensitivity				
INR/EUR - Increase by 1%	- *	3	- *	3
INR/EUR - Decrease by 1%	- *	(3)	- *	(3)

* Less than ₹ 0.5 million.

Derivative financial instruments

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

Particulars	March 31, 2017	March 31, 2016
Foreign exchange forward contracts to buy	USD 30 (INR 1,946)	USD 9 (INR 616)
European style option contracts with periodical maturity dates	USD 276 (INR 17,859)	USD 327 (INR 21,678)

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2017 and March 31, 2016 the Company's borrowings at variable rate were mainly denominated in 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, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	3,203	8,910	1,550
Fixed rate borrowings	4,861	-	-
Total borrowings	8,064	8,910	1,550

(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.

29. Capital management

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

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

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

The capital structure as of March 31, 2017 and 2016 was as follows:

Particulars	March 31, 2017	March 31, 2016
Total equity attributable to the equity shareholders of the Company	14,131	10,247
As a percentage of total capital	64%	53%
Long-term borrowings	7,092	7,252
Short-term borrowings	972	1,658
Total borrowings	8,064	8,910
As a percentage of total capital	36%	47%
Total capital (Equity and Borrowings)	22,195	19,157

30. First-time adoption of Ind AS

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

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

Optional exemptions availed and mandatory exceptions

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

Mandatory exemptions availed

(1) Estimates

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

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

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

(2) Classification and measurement of financial assets

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

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

(3) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, Financial Instruments, at the date of transition. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as on the date of transition are reflected as hedges in the financial statements under Ind AS.

Reconciliations

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

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

Reconciliation of equity as at April 01, 2015	Previous GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	4,976	-	4,976
Capital work-in-progress	1,051	-	1,051
Intangible assets	57	-	57
Financial assets			
Derivative assets	1,131	(282)	849
Other financial assets	13	-	13
Deferred tax assets (net)	464	121	585
Income tax assets (net)	399	-	399
Other non-current assets	217	-	217
Total non-current assets	8,308	(161)	8,147
Current assets			
Inventories	384	-	384
Financial assets			
Investments	1,460	1	1,461
Trade receivables	1,799	-	1,799
Cash and cash equivalents	1,157	-	1,157
Derivative assets	531	(324)	207
Other financial assets	189	-	189
Other current assets	338	-	338
Total current assets	5,858	(323)	5,535
Total assets	14,166	(484)	13,682
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,991	9	2,000
Other equity	6,458	(501)	5,957
Total equity	8,449	(492)	7,957
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	186	-	186
Provisions	132	-	132
Other non-current liabilities	647	8	655
Total non-current liabilities	965	8	973
Current liabilities			
Financial liabilities			
Borrowings	1,364	-	1,364
Trade payables	692	-	692
Other financial liabilities	137	-	137
Provisions	63	-	63
Income tax liabilities (net)	31	-	31
Other current liabilities	2,465	-	2,465
Total current liabilities	4,752	-	4,752
Total equity and liabilities	14,166	(484)	13,682

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

Reconciliation of equity as at March 31, 2016	Previous GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	5,743	-	5,743
Capital work-in-progress	2,368	-	2,368
Intangible assets	59	-	59
Financial assets			
Derivative assets	818	(220)	598
Other financial assets	59	-	59
Deferred tax assets (net)	632	85	717
Income tax assets (net)	335	-	335
Other non-current assets	329	-	329
Total non-current assets	10,343	(135)	10,208
Current assets			
Inventories	377	-	377
Financial assets			
Investments	2,764	2	2,766
Trade receivables	1,852	-	1,852
Cash and cash equivalents	3,873	-	3,873
Bank balances other than above	3,326	-	3,326
Derivative assets	628	(139)	489
Other financial assets	345	-	345
Other current assets	319	-	319
Total current assets	13,484	(137)	13,347
Total assets	23,827	(272)	23,555
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,992	8	2,000
Other equity	8,536	(289)	8,247
Total equity	10,528	(281)	10,247
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	7,252	-	7,252
Provisions	181	-	181
Other non-current liabilities	526	9	535
Total non-current liabilities	7,959	9	7,968
Current liabilities			
Financial liabilities			
Borrowings	1,658	-	1,658
Trade payables	744	-	744
Other financial liabilities	184	-	184
Provisions	75	-	75
Income tax liabilities (net)	99	-	99
Other current liabilities	2,580	-	2,580
Total current liabilities	5,340	-	5,340
Total equity and liabilities	23,827	(272)	23,555

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

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

	Previous GAAP	Adjustments	Ind AS
Income			
Revenue from operations	11,070	-	11,070
Other income	61	2	63
Total income	**11,131**	**2**	**11,133**
Expenses			
Cost of chemicals, reagents and consumables consumed	3,148	-	3,148
Changes in inventories of finished goods and work-in-progress	(44)	-	(44)
Employee benefits expense	2,503	(10)	2,493
Finance costs	84	-	84
Depreciation and amortisation expense	973	-	973
Other expenses	1,885	(216)	1,669
Total expenses	**8,549**	**(226)**	**8,323**
Profit before tax	2,582	228	2,810
Tax expense			
Current tax	537	-	537
Less: MAT credit entitlement	(166)	-	(166)
Deferred tax		32	31
Total tax expense	370	32	402
Profit for the year	2,212	196	2,408
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) of defined benefit plans	-	(19)	(19)
Income tax effect	-	3	3
Items that will be reclassified subsequently to profit or loss			
Fair value changes on cash flow hedges	-	28	28
Income tax effect	-	(6)	(6)
	-	6	6
Total comprehensive income	2,212	202	2,414

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

A Reconciliation of total equity as at March 31, 2016 and April 01, 2015

	March 31, 2016	April 01, 2015
Equity under previous GAAP attributable to shareholders of the Company	10,528	8,449
Adjustments:		
Impact of derivative accounting	(358)	(606)
Other adjustments	(7)	(7)
Income tax impact of above adjustments	84	121
Total adjustments	(281)	(492)
Equity under Ind AS attributable to shareholders of the Company	**10,247**	**7,957**

B Reconciliation of the net profit for the year ended March 31, 2016

	Note	March 31, 2016
Net profit reconciliation		
Net Profit attributable to shareholders of the Company as per previous GAAP [A]		2,212
Adjustments:		
Impact of derivative accounting	(i)	220
Other adjustments	(ii)	11
Income tax impact of above adjustments and corrections for earlier years	(iii)	(35)
Total adjustments [B]		196
Profit for the year [C= A+B]		2,408
Other comprehensive income (OCI):		
Impact of derivative accounting	(i)	22
Actuarial loss on defined benefit obligations – Gratuity	(iv)	(16)
Sub-total [D]		6
Total Comprehensive income for the year [C + D]		2,414

Notes to reconciliation:

(i) Impact due to derivative accounting in accordance with Ind AS 109.

(ii) Other adjustments on account of Employee benefit expenses (Share based payments, Actuarial gains/losses), Mark to market adjustments on Mutual funds and rent straight lining for land lease arrangements.

(iii) Represents income tax impact of Ind AS adjustments.

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

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

31. Tax expense

		March 31, 2017	March 31, 2016
(a)	Amount recognised in Statement of profit and loss		
	Current tax	710	537
	Less: MAT credit entitlement	(219)	(166)
	Deferred tax expense related to:		
	Origination and reversal of temporary differences	101	31
	Tax expense for the year	592	402
	Reconciliation of effective tax rate		
	Profit before tax	3,465	2,810
	Tax at statutory income tax rate 34.61% (March 31, 2016 - 34.61%)	1,199	973
	Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
	Exempt income	(49)	(21)
	Tax incentive	(549)	(464)
	Additional deduction on investment allowance	(109)	(63)
	Non-deductible expense	49	17
	Basis difference that will reverse during the tax holiday period	(22)	(3)
	Others	73	(37)
	Income tax expense	592	402

(b) Recognised deferred tax assets and liabilities

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

For the year ended March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	680	219	-	899
Derivatives	85	(29)	(56)	-
Employee benefit obligations	80	(27)	5	58
Others	-	15	-	15
Gross deferred tax assets	845	178	(51)	972
Deferred tax liability				
Derivatives	-	-	147	147
Property, plant and equipment and intangible assets	128	30	-	158
Others	-	30	-	30
Gross deferred tax liability	128	60	147	335
Deferred tax asset / (liabilities), net	717	118	(198)	637

For the year ended March 31, 2016	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	514	166	-	680
Derivatives	120	(29)	(6)	85
Employee benefit obligations	51	26	3	80
	685	163	(3)	845
Deferred tax liability				
Property, plant and equipment and intangible assets	100	28	-	128
	100	28	-	128
Deferred tax asset / (liabilities), net	585	135	(3)	717

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

	March 31, 2017	March 31, 2016
32. Contingent liabilities and commitments		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	1,882	1,660
The above includes:		
(I) Income tax matters	1,857	1,586
(II) Service tax matters	23	72
(III) Sales tax matters	2	2
(b) Guarantees		
(I) Corporate guarantees given in favour of the Central Excise Department (ÇED') in respect of certain performance obligations of Biocon Limited (Holding Company)	500	500
(II) Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	29
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	654	677
(b) Operating lease commitments (Company is a lessee)		
(I) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto 2020. Gross rental expenses for the year aggregate to Rs 5 (March 31, 2016 - Rs 2).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	6	3
Later than one year and not later than five years	13	6

33. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had SBNs or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of 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	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	0.2	1.3	1.5
(+) Permitted receipts	-	1.2	1.2
(-) Permitted payments	-	(2.1)	(2.1)
(-) Amount deposited in Banks	(0.2)	-	(0.2)
Closing cash in hand as on December 30, 2016	-	0.4	0.4

For the purposes of this clause, the term 'Specified Bank Notes' has 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.

34. Segmental Information

Operating segments

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

Geographical information

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

	Year ended March 31, 2017	Year ended March 31, 2016
Contract research and manufacturing services income		
India	602	490
United States of America	8,170	7,873
Rest of the World	3,237	2,707
Total	12,009	11,070

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

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

Carrying amount of non-current assets

	March 31, 2017	March 31, 2016	April 1, 2015
India	10,781	8,834	6,700
Outside India	-	-	-
Total	**10,781**	**8,834**	**6,700**

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

Major customer

Revenue from one customer of the Company's Contract research and manufacturing services segment is ₹ 3,372 (March 31, 2016 - ₹ 3,174) which is more than 10 percent of the Company's total revenue.

35. Share based payments to employees

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 the Company. The Board of Directors approved the employee stock option plan of the Company. On October 31, 2012 the Trust subscribed 6,680,000 equity shares (Face Value of ₹ 10 per share) of the Company using the proceeds from interest free loan of ₹ 150 obtained from the Company, adjusted for the consolidation of shares and bonus issue. As at March 31, 2017, the Trust holds 4,513,525 (March 31, 2016: 5,919,219; April 1, 2015 - 6,680,000) equity shares of face value of ₹ 10/- each, adjusted for the consolidation of shares and bonus issue. As at March 31, 2017, the Trust transferred 2,166,475 (March 31, 2016 - 760,781) equity shares to the employees on exercise of their stock options.

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of ₹ 22.50 per share (Face Value of ₹ 10 per share).

Details of Grant

Particulars	March 31, 2017 No. of options	March 31, 2016 No. of options
Outstanding at the beginning of the year	4,942,835	5,057,100
Granted during the year	166,000	930,583
Forfeited during the year	68,684	284,067
Exercised during the year	1,405,694	760,781
Outstanding at the end of the year	3,634,457	4,942,835
Exercisable at the end of the year	668,492	434,494
Weighted average exercise price	22.5	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In ₹)	485.1	372.0
Weighted average share price at the date of exercise (In ₹)	509.4	367.2

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 1.36 years [March 31, 2016 - 2.96 years].

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

Particulars	March 31, 2017	March 31, 2016
Dividend yield (%)	0.3%	0.3%
Exercise Price (In Rs)	22.5	22.5
Volatility	34.2%	29.1%
Life of the options granted (vesting and exercise period) [in years]	6.15	5.69
Average risk-free interest rate	6.7%	7.5%

36. Exceptional item

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings was damaged. The Company lodged an initial estimate of loss with the insurance company and the survey is currently ongoing. During the year ended 31 March 2017, the Company has written off the net book value of assets aggregating to ₹ 795 million and recognised a minimum Insurance claim receivable for an equivalent amount. During the current year, the Company has received an initial disbursement of ₹ 200 from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

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

37. Corporate social responsibility

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

	March 31, 2017	March 31, 2016
(a) Amount required to be spent by the Company during the year	41	31
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	41	31

38. Earnings per share (EPS)

	March 31, 2017	March 31, 2016
Earnings		
Profit for the year	3,721	2,414
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(4,659,952)	(5,587,340)
Weighted average shares used for computing basic EPS	**195,340,048**	**194,412,660**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	2,115,356	3,097,355
Weighted average shares used for computing diluted EPS	**197,455,404**	**197,510,015**
Earnings per share		
Basic (in ₹)	14.71	12.38
Diluted (in ₹)	14.55	12.19

39. Events after reporting period

On April 27, 2017, the Board of Directors of the Company has recommended a final dividend of ₹ 1/- per equity share on face value of ₹ 10/- each. The recommended dividend is subject to the approval of the shareholders in the Annual General Meeting of the Company.

40. Prior years' comparatives

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

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

JMM Shaw
Director
DIN: 00347250

Jonathan Hunt
Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 27, 2017