Independent Auditor's Report

To the Members of Syngene International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Syngene International Limited ("the Company"), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for theFinancial 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
   (f) 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 financial statements – Refer Note36(b)to the financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

perAditya Vikram Bhauwala
Partner
Membership Number: 208382

Place of Signature: Bengaluru
Date: April 28, 2015

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Syngene International Limited ('the Company') for the year ended March 31, 2015. We report that:

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification, intended to cover all the fixed assets of the Company over a period, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on 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 or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, as well as taking into consideration the management representation that certain items of inventory and fixed assets are of special nature for which alternate quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

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

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

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount disputed (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	339	339	PY 2009-10 to PY 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	706	40	PY 2002-03 to PY 2008-09	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax (including interest)	6	1	March 16, 2005 to February 28, 2007	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Non deduction of tax at source	1	-	FY 2009-2010	Joint Commissioner, Commercial Taxes

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks. The Company does not have any borrowing by way of debenture.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

perAditya Vikram Bhauwala
Partner
Membership Number: 208382

Place of Signature: Bengaluru
Date: April 28, 2015

Balance Sheet as at March 31, 2015

(All amounts in Indian Rupees Million)

	Notes	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,991	261
Reserves and surplus	4	6,458	6,332
		8,449	**6,593**
Non - current liabilities			
Long-term borrowings	5	186	-
Deferred Tax liability (net)	6	49	51
Other Long-term liabilities	7	647	583
Long-term provisions	8	132	58
		1,014	**692**
Current liabilities			
Short-term borrowings	9	1,364	1,549
Trade Payables	10	692	766
Other current liabilities	11	2,602	2,212
Short-term provisions	12	94	97
		4,752	**4,624**
TOTAL		**14,215**	**11,909**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	4,976	3,941
Intangible assets	14	57	-
Capital work-in-progress		1,051	453
Non-current investments	15	-	1
Long-term loans & advances	16	1,142	1,031
Other non-current assets	17	1,131	143
		8,357	**5,569**
Current assets			
Current investments	18	1,460	3,520
Inventories	19	384	149
Trade receivables	20	1,799	943
Cash and bank balances	21	1,157	916
Short-term loans and advances	22	338	269
Other current assets	23	720	543
		5,858	**6,340**
TOTAL		**14,215**	**11,909**
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

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

Kiran Mazumdar-Shaw
Director

JMM Shaw
Director

Peter Bains
Director & Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2015

Statement of Profit and Loss for the year ended March 31, 2015

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

	Notes	Year ended March 31, 2015	Year ended March 31, 2014
Income			
Revenue from operations	24	8,599	6,995
Other Income	25	117	82
Total Revenue		**8,716**	**7,077**
Expenses			
Cost of chemicals, reagents and consumables consumed	26	2,493	1,898
(Increase)/ decrease in Inventories	27	(103)	16
Employee benefits expense	28	2,019	1,556
Other expenses	29	1,379	1,390
Depreciation & Amortisation expense	13 & 14	814	656
Finance costs	30	79	4
Total Expenses		**6,681**	**5,520**
Profit before tax		2,035	1,557
Tax expenses			
Current tax		404	328
Less: MAT credit entitlement		(117)	(96)
Deferred tax		(2)	(14)
Total tax expense		**285**	**218**
Profit for the year		**1,750**	**1,339**
Earnings per equity share (nominal value of share ₹ 10/-) (refer note 39)			
Basic (in ₹)		9.20	7.19
Diluted (in ₹)		8.89	6.94
Weighted average number of shares used in computing earnings per share (refer note 39)			
Basic		190,164,803	186,297,771
Diluted		196,844,803	192,977,771
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 28, 2015

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

Kiran Mazumdar-Shaw
Director

JMM Shaw
Director

Peter Bains
Director & Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Cash Flow Statement for the year ended March 31, 2015

(All amounts in Indian Rupees Million)

		Year ended	Year ended
I	**CASH FLOWS FROM OPERATING ACTIVITIES :**		
	Net profit before tax	2,035	1,557
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and Amortisation expense	814	656
	Provision for doubtful receivables	2	10
	Employee stock compensation expense	60	56
	Unrealised exchange (gain)/loss	9	(61)
	Interest expense	76	2
	Dividend earned	(99)	(47)
	Other operating income	(133)	(101)
	Interest Income	-	(29)
	Operating profit before working capital changes	**2,764**	**2,043**
	Movements in working capital :		
	Increase/ (decrease) in trade payables	(120)	(56)
	Increase/ (decrease) in other liabilities	281	1,666
	Increase/ (decrease) in provisions	39	46
	Decrease/ (increase) in trade receivables	(784)	(203)
	Decrease/ (increase) in inventories	(235)	30
	Decrease/ (increase) in loans & advances	(178)	(57)
	Decrease/ (increase) in other assets	(1,161)	(125)
	Cash generated from/ (used in) operations	**606**	**3,344**
	Direct taxes paid (net of refunds)	(421)	(349)
	Net cash flow from/ (used in) operating activities	**185**	**2,995**
II	**CASH FLOWS FROM INVESTING ACTIVITIES :**		
	Purchase of Tangible assets, including capital work in progress and capital advances and net of reimbursement from customers	(1,970)	(998)
	Purchase of Intangible assets	(69)	-
	Grant of loan to subsidiary	-	(199)
	Recovery of loan from subsidiary	-	165
	Proceeds from sale of Tangible assets	-	28
	Dividend received	99	47
	Interest received	-	44
	Proceeds from current investments	6,277	3,202
	Purchase of current investments	(4,217)	(6,031)
	Net cash flow from/ (used in) investing activities	**120**	**(3,742)**

			Year ended	Year ended
III	**CASH FLOWS FROM FINANCING ACTIVITIES :**			
	Proceeds from issuance of share capital		1,334	-
	Recovery of loan from Trust		40	-
	Repayment of long term borrowings		-	(45)
	Proceeds from long term borrowings		185	-
	Proceeds / (Repayment) from/of short term borrowings, net		(252)	1,601
	Dividend paid on equity shares		(1,138)	-
	Tax on equity dividend paid		(193)	-
	Interest paid		(77)	(2)
	Net cash flow from/ (used in) financing activities		**(101)**	**1,554**
IV	**NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)**		204	807
	Effect of exchange difference on cash & cash equivalents held in foreign currency		35	(9)
	Cash and cash equivalents at the beginning of the year		916	118
	Cash and cash equivalents acquired on merger (refer note 1.1)		2	-
V	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**		**1,157**	**916**
	COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			
	Balance with Banks:			
	In current accounts		1,157	916
			1,157	**916**
Summary of significant accounting policies		2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

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

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Director

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Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2015

Notes to the Financial Statements for the year ended March 31, 2015

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

1. Corporate information

Syngene International Limited ('Syngene' or 'the Company') was incorporated at Bangalore in 1993. On March 30, 2002, the Company became the subsidiary of Biocon Limited ('Biocon').

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. Pursuant to merger as discussed in note 1.1, the Company also undertakes clinical research activities on discovering new biomarkers and discovering new diseases subsets and novel data based on pharmacogenomics.

1.1 Scheme of arrangement

On April 23, 2014, the Board of Directors of the Company approved a scheme of amalgamation ('the Scheme') of Clinigene International Limited ("Clinigene" / "Transferor Company"), a wholly owned subsidiary, with the Company under section 391 and 394 of the Companies Act, 1956. The Honourable High Court of Karnataka ('the Court') approved the aforesaid Scheme with Appointed Date as April 01, 2014 ("Appointed Date") vide its order dated February 5, 2015 ("the Order"). The copy of the Order was filed with the Registrar of Companies on March 2, 2015. Clinigene was incorporated on August 4, 2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31, 2001. In February 2012, Syngene purchased the shares in Clinigene from Biocon.

Accordingly, the assets and liabilities, and balance in reserves and surplus of Clinigene as at Appointed Date have been recorded at their carrying values in the books of Syngene under the Pooling of Interest method as prescribed by Accounting Standard 14 - Accounting for Amalgamation ('AS 14').

A summary of the assets and liabilities of Clinigene as at April 1, 2014 is as follows:

Particulars	Amount
Non-current assets	
Fixed assets	
Tangible assets	265
Capital work-in-progress	1
Long term loans and advances	93
	359
Current assets	
Trade receivables	107
Cash and bank balances	3
Short term loans and advances	5
Other current assets	4
	119
Total assets (A)	**478**

Particulars	Amount
Non-current liabilities	
Long-term borrowings	269
Other long-term liabilities	6
Long-term provisions	3
	278
Current liabilities	
Short-term borrowings	60
Trade payables	62
Other current liabilities	59
Short-term provisions	15
	196
Total liabilities (B)	**474**
General reserve	1
Statement of profit and loss	2
Total reserves and surplus (C)	**3**

The Company held all the shares of the Transferor Company at the face value. Hence, no additional adjustment is required in the surplus in statement of profit and loss to give effect to accounting of merger. All intercompany balances/transactions between the Company and the Transferor Company have been eliminated on merger.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets and depreciation

- Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Assets funded by third parties are capitalised at gross value and the funds so received are recorded as deferred revenue and amortised over the useful life of the assets/period of contract.

Till March 31, 2014, depreciation on fixed assets was calculated using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act 1956, whichever was higher. During the year ended March 31, 2015, pursuant to Companies Act, 2013 applicable from April 1, 2014, management evaluated the estimates of useful lives of its fixed assets as per the requirements of Schedule II of the Companies Act, 2013 and concluded that there is no change in the estimated useful lives. Hence, there is no impact on the financial statements in this regard.

The Company has determined the following useful lives to provide depreciation on its fixed assets on straight line basis:

Classes of Assets	Useful lives estimated by the management (years)	Useful lives stated in Schedule II (years)
Buildings	25	30
Plant and machinery	9	10 – 15
Computers and servers	3	3 – 6
Office equipment	3	5
Furniture and fixtures	6	10
Vehicles	6	8

Used assets acquired from third parties are depreciated on straight line basis over their remaining useful life of such assets.

c. Intangible assets and amortization of intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Computer Software is amortised over a period of five years, being its estimated useful life

d. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

e. Inventories

Inventories comprising chemicals, reagents and consumables are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Consumables in the nature of column are amortised over useful life estimated to be a period of 12 months from the date of issue for consumption.

f. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

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 for which separate invoices are raised, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer, and comprise amounts invoiced for compounds sold.

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.

Dividends

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

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.

g. Investments

Investments that are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

On the disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h. Retirement and other employee benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the employees rendered the related service and the contributions to the government funds are due. The Company has no obligation, other than the contribution payable to the provident fund authorities.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer the settlement for 12 months after the reporting date.

i. Foreign currency translation

Foreign currency transaction and balances

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are retranslated using exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(c) Exchange Differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

i. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over remaining useful life of the asset.

ii. Exchange differences arising on other long term foreign currency monetary items are accumulated in "the Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii. All other exchange differences are recognized as income or as expenses in the year in which they arise.

For the purpose of (i) and (ii) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(d) Forward exchange contracts are entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contracts is amortised and recognised as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain/loss arising on forwards contracts which are long-term foreign currency monetary items is recognised in accordance with paragraph (c)(i) and (c)(ii) above.

j. Income tax

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situation where the Company is entitled to a tax holiday under the Income-tax Act,1961 no deferred tax (assets or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax relate to the same taxable entity and the same taxation authority.

Minimum Alternate tax (MAT) paid in a year is charged to the statement of the profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

k. Borrowing cost

Borrowing cost includes interest, amortization of ancillary cost incurred in connection with the arrangement of borrowings and exchange differences arising from short term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition and construction of a fixed asset which takes substantial period of time to get ready for its intended use are capitalised as a part of the cost of the asset, to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

l. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

For the purpose of calculating Basic EPS, shares allotted to the ESOP Trust pursuant to the employee share based payment plan is not included in the shares outstanding till the employees have exercised their right to obtain shares, after fulfilling the requisite vesting conditions. Till such time, the shares so allotted are considered as dilutive potential equity shares for the purpose of calculating Diluted EPS.

m. Employee stock compensation costs

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

n. Operating lease

Where the Company is a Lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

o. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which the major operating divisions of the Company operate.

Inter-segment Transfers

The Company generally accounts for inter-segment sales and transfers at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

p. Provision

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

q. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

r. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand.

s. Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting of loss on the underlying hedged item, is ignored.

t. Amalgamation accounting

The Company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

(i) All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.

(ii) Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.

(iii) The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional shares.

(iv) The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.

(v) The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

All other amalgamations are in the nature of purchase.

	As at March 31, 2015	As at March 31, 2014
3. Share capital		
Authorised		
250,000,000 (March 31, 2014: 60,000,000) equity shares of ₹ 10/- each (March 31, 2014: ₹ 5/- each)	2,500	300
Issued, subscribed and fully paid-up		
200,000,000 (March 31, 2014: 54,166,667) equity shares of ₹ 10/- each (March 31, 2014: ₹ 5/- each)	2,000	270
Less : Amount Recoverable from Syngene Employees Welfare Trust		
937,500 (March 31, 2014: 1,875,000) equity shares of ₹ 10/- each (March 31, 2014: ₹ 5/- each)	(9)	(9)
(refer note d & l, below and note 38 (b))		
199,062,500 (March 31, 2014: 52,291,667) equity shares of ₹ 10/- each (March 31, 2014: ₹ 5/- each)	**1,991**	**261**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at March 31, 2015		As at March 31, 2014	
	No.	₹	No.	₹
At the beginning of the year	54,166,667	270	54,166,667	270
Issued during the year (note e & k, below)	1,971,061	10	-	-
Decrease in number of shares on account of consolidation (note l below)	(28,068,864)	-	-	-
Issue of Bonus shares during the year (note n below)	171,931,136	1,720	-	-
At the end of the year	200,000,000	2,000	54,166,667	270
Less: Amount recoverable from Syngene Employee Welfare Trust [refer note 38(b)]	(937,500)	(9)	(1,875,000)	(9)
Outstanding at the end of the year	**199,062,500**	**1,991**	**52,291,667**	**261**

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- (March 31, 2014: ₹ 5/-) per share. The Company declares and pays dividend in Indian Rupees. Each holder of equity shares is entitled to one vote per share. 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2015, interim dividend distributed to equity shareholders was ₹ 21 (March 31, 2014 - ₹ Nil) per share on face value of ₹ 5/- each .

c. The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on October 31, 2012, approved increase in authorised share capital from 50,000,000 equity shares of ₹ 5/- each to 60,000,000 equity shares of ₹ 5/- each.

d. The Company alloted 1,875,000 equity shares on October 31,2012 at the rate of ₹ 80 per share (Face Value : ₹ 5 per Share) to Syngene Employees Welfare Trust ('Trust') under section 81 (1A) of the Companies Act, 1956. [Refer Note 38 (b)].

e. The Board of Directors of the Company in the meeting held on September 12, 2014 approved allotment of 1,971,060 equity shares at the rate of ₹ 676.91 per share (Face value: ₹ 5 per share) on rights basis to Biocon Research Limited (a wholly owned subsidiary of Biocon Limited), in accordance with the provisions of section 62(1) (a) of the Companies Act, 2013.

f. Details of Shares held by holding company and their subsidiaries

	As at March 31, 2015		As at March 31, 2014	
	No.	% holding *	No.	% holding *
Equity Shares of ₹ 10/- each (March 31, 2014: ₹ 5/- each) fully paid				
Biocon Limited	167,217,843	83.61%	47,497,525	87.69%
Biocon Research Limited	1,866,673	0.93%	-	-
* Taking into consideration the equity shares alloted to the Trust				

g. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2015		As at March 31, 2014	
	No.	% holding *	No.	% holding *
Equity shares of ₹ 10 each (March 31, 2014: ₹ 5/- each) fully paid				
Biocon Limited (holding company)	167,217,843	83.61%	47,497,525	87.69%
GE Equity International Mauritius [refer note (i) below]	-	-	4,166,667	7.69%
IVF Trustee Company Private Limited (sole trustee of India Value Fund IV) [refer note (i) and (j) below]	20,000,004	10.00%	-	-
* Taking into consideration the equity shares alloted to the Trust				

h. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

	As at March 31, 2015	As at March 31, 2014
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	-

* 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 16th 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.

i. The Board of Directors of the Company in the meeting held on September 10, 2014 approved the transfer of 4,166,667 equity shares (Face value: ₹ 5 per share) in the Company pursuant to the share purchase agreement dated September 9, 2014, executed between Biocon Research Limited, the Company and GE Equity International Mauritius

j. The Board of Directors of the Company in the meeting held on October 20, 2014 noted the execution of the share purchase agreement between Silver Leaf Oak (Mauritius) Limited ['Silver Leaf'], Biocon Research Limited ['BRL'] and the Company for transfer of 5,613,773 equity shares (Face value: ₹ 5 per share) in the Company by BRL to Silver Leaf. In January 2015, Silver Leaf assigned its rights and obligations to purchase the aforesaid 10% equity stake in the Company to IVF Trustee Company Private Limited ['IVF'], a fund advised by India Value Fund Advisors. Thereafter, BRL concluded such sale of Shares to IVF.

k. The Board of Directors of the Company in the meeting held on March 14, 2015 approved allotment of 1 equity share (Face value: ₹ 5 per share) at the rate of ₹ 676.91 on rights basis, in accordance with the provisions of section 62(1)(a) of the Companies Act, 2013.

l. The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on March 16, 2015, approved the consolidation (i.e. reverse share split) of 2 equity shares of face value of ₹ 5/- each into 1 equity share of face value of ₹ 10/- each. Subsequent to this, the authorised share capital of 60,000,000 equity shares of ₹ 5/- each consolidated to 30,000,000 equity shares of ₹ 10/- each.

m. The Shareholders' at the EGM of the Company held on March 16, 2015, approved increase in authorised share capital from ₹ 300 to ₹ 2,500. Subsequent to this, the authorised share capital increased from 30,000,000 equity shares of ₹ 10/- each to 250,000,000 equity shares of ₹ 10/- each

n. The Shareholders' at the EGM of the Company held on March 16, 2015, approved the issue of fully paid bonus shares of face value of ₹ 10/- each in the ratio of 1: 6.1253329 by capitalisation of Securities premium account.

o. Pursuant to a share purchase agreement dated March 31, 2015, IVF agreed to sell 20,000,000 equity shares (Face value: ₹ 10/- per share) in the Company to Silver Leaf. The Board of Directors of the Company recorded the transfer of shares to Silver Leaf on April 21, 2015.

p. 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 38.

	As at March 31, 2015	As at March 31, 2014
4. Reserves and surplus		
Securities premium account		
Balance as per the last financial statements	1,365	1,365
Add: Premium on issue of equity shares [refer note 3(e) and 3(k) above]	1,324	-
Less: Issue of bonus shares [refer note 3(n) above]	(1,720)	-
	969	1,365
Less: Amount recoverable from Syngene Employees Welfare Trust [Refer Note 3(d) and Note 38(b)]	(101)	(141)
Closing balance	**868**	**1,224**
General Reserve		
Balance as per the last financial statements	46	46
Balance as at April 1, 2014 of Transferor Company [refer note 1.1]	1	-
Closing balance	**47**	**46**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	5,003	3,664
Balance as at April 1, 2014 of Transferor Company [refer note 1.1]	2	-
Profit for the year	1,750	1,339
Less: Appropriations		
Interim dividend on equity shares	(1,138)	-
Tax on Interim dividend	(193)	-
Net surplus in the statement of Profit and loss	**5,424**	**5,003**
Employee stock options outstanding [refer note (i) below]		
Gross employee stock compensation as per the last financial statements	259	-
Add : Gross compensation for options granted during the year	25	265
Less : Lapsed / forfeited during the year	(6)	(6)
	278	259
Less : Closing balance of deferred employee stock compensation cost	(159)	(200)
Closing balance	**119**	**59**
Total reserves and surplus	**6,458**	**6,332**
(i) Deferred Employee Stock Compensation Cost :		
Stock compensation cost outstanding at the beginning of the year	200	-
Stock options granted during the year	25	265
Stock options cancelled / forfeited during the year	(6)	(6)
Stock compensation cost amortised during the year	(60)	(56)
Stock compensation cost charged to Subsidiary during the year	-	(3)
Closing balance of deferred employee stock compensation cost	**159**	**200**

	As at March 31, 2015	As at March 31, 2014
5. Long term borrowings		
From Bank		
Buyer's credit loan (secured)	186	-
	186	**-**

(i) The Company has obtained a foreign currency denominated long term secured buyer's credit loan of ₹ 186 (USD $2.99Million) as of March 31, 2015 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.80%, net of withholding taxes. 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. The loan is repayable at end of 1079 days from the date of its origination.

	As at March 31, 2015	As at March 31, 2014
6. Deferred tax liability (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	100	88
Gross deferred tax liability	**100**	**88**
Deferred tax asset		
Employee retirement benefits expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	51	37
Gross deferred tax asset	51	37
Net deferred tax liability	**49**	**51**

The Company has units / operations in a Special Economic Zone (SEZ) which claim deduction of income under the provisions of the Income Tax Act, 1961. Deferred tax assets / liabilities are recognised in respect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

	As at March 31, 2015	As at March 31, 2014
7. Other Long-term liabilities		
Deferred revenues [refer Note 13 (b)]	633	572
Deferred rent liability	14	11
	647	**583**
8. Long-term provisions		
Provision for employee benefits:		
Provision for gratuity (note 32)	132	58
	132	**58**
9. Short-term borrowings		
From Banks		
Pre shipment credit (secured) [refer note (i) and (ii) below]	-	902
Bank Overdraft (secured) [refer note (v) below]	-	46
Pre shipment credit (unsecured) [refer note (iii) and (iv) below]	1,364	601
	1,364	**1,549**
The above amount includes		
Secured borrowings	-	948
Unsecured borrowings	1,364	601
	1,364	**1,549**

(i) The Company had obtained foreign currency denominated short term secured pre-shipment credit loan of ₹ 301 (USD 5 Million) as of March 31, 2014 from The Bank of Nova Scotia that carried interest rate in the range of Libor + 0.50%, which was secured by a pari passu charge on the current assets and movable fixed assets of the Company. The loan was repayable at end of 6 months from the date of its origination and has been repaid during the year.

(ii) The Company had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 601 (USD 10 Million)] as of March 31, 2014 from The Hongkong and Shanghai Banking Corporation Limited that carried interest rate in the range of Libor + 0.20% to Libor + 0.50%, which were secured by a pari passu charge on the current assets and movable fixed assets of the Company. These loans were repayable at end of 6 months from the date of its origination and have been repaid during the year.

(iii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 810 (USD 13 Million) [March 31, 2014 - ₹ 601 (US$ 10 Million)] from Yes Bank Limited that carries interest rate of Libor + 0.15% to Libor + 0.35%. The loans are repayable after the end of 6 months from the date of its origination.

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 554 (USD 8.9 Million) [March 31, 2014 - ₹ Nil] from HDFC Bank Limited that carries interest rate of Libor +0.42%. The loans are repayable after the end of 6 months from the date of its origination.

(v) The Company has obtained overdraft facility from The Hongkong and Shanghai Banking Corporation Limited, which is secured by a pari passu charge on the current assets and movable fixed assets of the Company. The interest on the loan are linked to the Bank's Prime Lending Rate, which are floating in nature.

	As at March 31, 2015	As at March 31, 2014
10. Trade payables		
Trade payables	692	766
(Refer note below for details of dues to micro and small enterprise)		
	692	**766**
(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	5	14
- Interest due on above	0.1	0.2
(ii) The amount of Interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006	-	-
Amounts of the payment made to the supplier beyond the appointed day during each accounting year	44	50
(iii) Interest due and payable for the period of delay in making payment during the year	1	1
(iv) Interest accrued and remaining unpaid at the end of the year	-	-
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	-	-
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors / suppliers.		
11. Other current liabilities		
Payable for capital goods	137	134
Advances from customers	2,188	1,932
Balance in current account with bank representing book overdraft	90	-
Deferred revenues [refer note 13 (b)]	144	119
Others		
-Statutory dues [refer note (a) below]	43	27
	2,602	**2,212**
Note (a) : Statutory dues include Tax Deducted at Source, Service tax, Provident Fund, Employee State Insurance and Profession Tax payable at year end.		
12. Short-term provisions		
Provision for employee benefits:		
Provision for leave encashment	63	50
Provision for gratuity (note 32)	-	39
Provision for Income tax, net of advance tax	31	8
	94	**97**

13. Tangible assets	Land	Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Vehicles	Total
Cost							
At April 01, 2013	-	1,082	5,233	50	68	5	6,438
Additions	-	54	739	7	15	-	815
Disposals	-	-	54	-	-	-	54
At March 31, 2014	**-**	**1,136**	**5,918**	**57**	**83**	**5**	**7,199**
Additions pursuant to merger [refer note 1.1]	42	130	320	6	43	2	543
Additions	-	244	1,294	5	23	6	1,572
Disposals	-	-	3	-	-	-	3
At March 31, 2015	**42**	**1,510**	**7,529**	**68**	**149**	**13**	**9,311**
Depreciation							
At April 01, 2013	-	199	2,336	46	46	1	2,628
Charge for the year	-	45	598	3	8	2	656
Disposals	-	-	26	-	-	-	26
At March 31, 2014	**-**	**244**	**2,908**	**49**	**54**	**3**	**3,258**
Arising pursuant to merger [refer note 1.1]	-	39	190	5	42	2	278
Charge for the year	-	57	727	5	12	1	802
Disposals	-	-	3	-	-	-	3
At March 31, 2015	**-**	**340**	**3,822**	**59**	**108**	**6**	**4,335**
Net Block							
At March 31, 2014	-	892	3,010	8	29	2	3,941
At March 31, 2015	**42**	**1,170**	**3,707**	**9**	**41**	**7**	**4,976**

Notes:

(a) The Company has entered into agreements with customers, which grant the customers an option to purchase fixed assets with gross block of ₹ 2,818 (March 31, 2014- ₹ 2,366) as at March 31, 2015 relating to particular projects, upon satisfaction of certain terms and conditions. The consideration would be as per the terms of the agreement, subject to amounts already funded/contributed by the customer.

(b) Additions to fixed assets during the year ended March 31, 2015, include assets of ₹ 215 (March 31, 2014 - ₹ 238) which have been funded by the customers. The Company has capitalised and depreciated the gross cost of these assets. The funding received from the customer is reflected as Deferred revenues in note 7 and note 11 and the same is recognised as other operating revenue on a systematic basis over the useful life of the asset/period of contract. Cumulative amount of such funded assets as at March 31, 2015 - ₹ 1,245 (March 31, 2014 - ₹ 1,030) (gross block).

(c) Plant and equipment includes computers.

(d) Buildings with a cost of ₹ 1,379 (March 31, 2014 - ₹ 1,136) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

14. Intangible assets	Software	Total
Cost		
At April 01, 2013	-	-
Additions	-	-
Disposals	-	-
At March 31, 2014	**-**	**-**
Additions	69	69
Disposals	-	-
At March 31, 2015	**69**	**69**
Amortisation		
At April 01, 2013	-	-
Charge for the year	-	-
Disposals	-	-
At March 31, 2014	**-**	**-**
Charge for the year	12	12
Disposals	-	-
At March 31, 2015	**12**	**12**
Net Block		
At March 31, 2014	-	-
At March 31, 2015	**57**	**57**

	As at March 31, 2015	As at March 31, 2014
15. Non-current Investments		
Trade Investments - Unquoted Equity Instruments		
In subsidiary company (valued at cost, unless otherwise stated)		
Nil (March 31,2014 : 50,000) equity shares of ₹ 10 each fully paid-up in Clinigene International Limited. [Refer note 1.1]	-	1
	-	**1**
16. Long Term Loans & Advances (Unsecured, considered Good)		
Loan to Subsidiary [refer note(a) below]	-	269
Capital Advances	131	10
Deposits	13	9
Prepaid expenses	8	2
Balances with statutory / government authorities	78	58
Advance income-tax, net of provision	398	298
Fringe Benefit tax, net of provision	1	1
MAT Credit entitlement	513	384
	1,142	**1,031**
(a) Loan to Related Party (Subsidiary Company) [refer note 1.1]:		
Clinigene International Limited	-	269
Maximum amount outstanding during the year	-	284
17. Other Non Current assets		
Unamortized premium on foreign exchange forward / option contracts	1,131	143
	1,131	**143**

	As at March 31, 2015	As at March 31, 2014
18. Current investments - [valued at lower of cost and fair market value, unless stated otherwise]		
Investments In Mutual Funds (unquoted, fully paid up) (Non trade)		
Nil units (March 31, 2014: 706,584 units) of ₹ 100 each in Birla Sun Life Savings Fund - Daily Dividend - Direct Plan	-	71
2,521,502 - units (March 31, 2014: Nil units) of ₹ 100 each in Birla Sun Life Savings Fund - Daily Dividend - Regular Plan - Daily Dividend	253	-
93,857 units (March 31, 2014: 6,746,819 units) of ₹ 100 each in Birla Sun Life Cash Plus - Daily Dividend- Direct Plan	9	676
748,871 units (March 31, 2014: Nil units) of ₹ 100 each in Birla Sun Life Cash Plus - Daily Dividend	75	-
Nil units (March 31, 2014: 7,073,823 units) of ₹ 100 each in ICICI Prudential Liquid - Direct Plan - Daily Dividend.	-	708
699,774 units (March 31, 2014: Nil units) of ₹ 100 each in ICICI Prudential Liquid - Regular Plan - Daily Dividend.	70	-
Nil units (March 31, 2014: 670,672 units) of ₹ 106 each in ICICI Prudential Flexible Income - Direct Plan - Daily Dividend.	-	71
2,391,423 units (March 31, 2014: Nil Units) of ₹ 106 each in ICICI Prudential Flexible Income - Regular Plan - Daily Dividend.	253	-
Nil units (March 31, 2014: 4,999,850 Units) of ₹ 10 each in ICICI Prudential Interval Fund II Quarterly Interval Plan D - Direct Plan	-	50
Nil units (March 31, 2014: 8,601,620 units) of ₹ 10 each in JP Morgan India Liquid Fund - Direct Plan - Daily Dividend - Reinvestment	-	86
4,033,108 units (March 31, 2014: Nil units) of ₹ 10 each in JP Morgan Liquid Fund - Daily Dividend	40	-
Nil units (March 31, 2014: 605,098 units) of ₹ 1115 each in TATA Liquid Fund Direct Plan - Daily Dividend	-	674
82,653 units (March 31, 2014: Nil units) of ₹ 1115 each in TATA Liquid Fund Plan A - Daily Dividend	92	-
125,068 units (March 31, 2014: Nil units) of ₹ 1003 each in TATA Floater Fund Plan A - Daily Dividend	126	-
1,013,825 units (March 31, 2014: 59,693,290 units) of ₹ 10 each in HDFC Liquid Fund - Direct Plan -Daily Dividend	10	609
266,017 units (March 31, 2014: Nil units) of ₹ 10 each in HDFC Liquid Fund - Regular Plan -Daily Dividend	3	-
14,034,587 units (March 31, 2014: Nil units) of ₹ 10 each in HDFC Floating Rate Income Fund -Short Term -Whole Sale Plan - Dividend Reinvestment	142	-
18,308 units (March 31, 2014: 222,918 units) of ₹ 1223 each in Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend	22	272
99,734 units (March 31,2014: Nil units) of ₹ 1223 each in Kotak Liquid Fund Plan A - Regular Plan - Daily Dividend	122	-
Nil units (March 31, 2014: 198,173 units) of ₹ 1529 each in Reliance Liquid Fund - Treasury Plan - Direct Plan Daily Dividend Option	-	303
125,892 units (March 31, 2014: Nil units) of ₹ 1529 each in Reliance Liquid Fund - Regular Plan - Daily Dividend	193	-
45,147 units (March 31, 2014: Nil units) of ₹ 1114 each in Reliance Liquid Fund - Cash Plan - Daily Dividend	50	-
Aggregate amount of unquoted investments	**1,460**	**3,520**

	As at March 31, 2015	As at March 31, 2014
19. Inventories (valued at lower of cost and net realisable value)		
Chemicals, reagents and consumables	239	107
Work-in-progress	119	42
Finished goods	26	-
	384	**149**
20. Trade Receivables (unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	32	8
Doubtful	5	10
	37	18
Less: Provision for doubtful receivables	5	10
	32	8
Other receivables, considered good	1,767	935
	1,799	**943**
21. Cash and bank balances		
Cash and Cash equivalents		
Balances with banks:		
on current accounts	1,157	916
	1,157	**916**
22. Short term Loans and advances (unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	55	155
Prepaid expenses	49	20
Balances with statutory / government authorities	234	94
	338	**269**
23. Other current assets		
Unbilled revenues	189	400
Unamortized premium on foreign exchange forward / Option contracts	531	143
	720	**543**

	Year ended March 31, 2015	Year ended March 31, 2014
24. Revenue from operations		
Sale of Services:		
Contract research and manufacturing services income	8,427	6,871
Other operating revenues		
Scrap sales	15	12
Other operating income [see note 13 (b)]	157	112
	8,599	**6,995**
25. Other income		
Interest income from Loan to Subsidiary (refer note 1.1)	-	29
Dividend income on current investments (non trade)	99	47
Miscellaneous Income	18	6
	117	**82**
26. Cost of chemicals, reagents and consumables consumed		
Inventory at the beginning of the year	107	121
Add: Purchases	2,625	1,884
	2,732	**2,005**
Less: Inventory at the end of the year	239	107
	2,493	**1,898**
Also refer note 33 (a)		
27. (Increase)/decrease in inventories		
Inventories at the beginning of the year:		
Work-in-progress	42	58
	42	**58**
Inventories at the end of the year:		
Work-in-progress	119	42
Finished Goods	26	-
	145	**42**
	(103)	**16**
28. Employee benefit expenses		
Salaries, wages and bonus	1,774	1,351
Contribution to provident fund and other funds	81	56
Gratuity expenses (refer note 32)	29	36
Employee stock compensation expense (refer note 38)	60	56
Staff welfare expenses	75	57
	2,019	**1,556**

	Year ended March 31, 2015	Year ended March 31, 2014
29. Other expenses		
Rent [refer note (b) below]	49	51
Communication expenses	11	20
Travelling and conveyance	108	84
Professional charges	131	109
Directors' fees	13	2
Payments to auditors [refer note (a) below]	5	3
Power and fuel	275	234
Facility Charges	104	106
Insurance	22	16
Rates and taxes	26	11
Repairs and maintenance		
Plant and machinery	131	87
Buildings	36	5
Others	47	66
Selling expenses		
Freight outwards and clearing charges	18	15
Sales promotion expenses	14	11
Commission	6	-
Foreign Exchange difference (net)	160	459
Provision for doubtful receivables	2	10
Printing and stationery	8	11
Other clinical trial expenses	66	-
Contribution towards CSR	22	-
Miscellaneous expenses	125	90
	1,379	**1,390**
(a) Payments to auditors:		
As an auditor:		
Audit fee	2.6	1.4
Tax audit fee	0.5	0.3
In other capacity:		
Other services (certification fees)	0.3	0.4
Reimbursement of expenses	1.2	0.5
	4.6	**2.6**
(b) Rent includes ₹ Nil (March 31, 2014 : ₹ 9) pertaining to prior year.		
30. Finance Costs		
Interest expense	11	2
Bank charges	3	2
Exchange difference to the extent considered as an adjustment to borrowing cost	65	-
	79	**4**

31. 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	Year ended March 31, 2015 Expenses/ (Income)/Other transactions	Balance as at March 31, 2015 Payable/ (Receivable)	Year ended March 31, 2014 Expenses/ (Income) / Other transactions	Balance as at March 31, 2014 Payable/ (Receivable)
(a)	Biocon Limited	Holding Company	Rent expense	43	-	47	-
			Other expenses	51	-	12	-
			Purchase of goods	5	-	10	-
			Software license fee reimbursed	-	-	5	-
			Power and facility charges [Note (ii)]	382	-	342	-
			Trade payable	-	136	-	232
			Rent deposit paid	-	(2)	-	(2)
			Sale of services	(99)	(28)	(36)	(43)
			Advance from Customers	-	17	-	-
			Deferred rent liability	-	14	-	11
			Interim dividend	997	-	-	-
			Issue of Bonus shares 145,469,080 equity shares of ₹ 10/- each	1,455	-	-	-
(b)	Clinigene International Limited (refer note (iv) below)	Subsidiary Company	Services received	-	-	26	13
			Other expenses cross charged	-	-	-	- *
			Interest income	-	-	(29)	(3)
			ESOP compensation expense cross charged	-	-	(3)	-
			Loan granted	-	-	(34)	(269)
			Sale of services	-	-	(3)	- *
(c)	Biocon Research Limited	Subsidiary of Biocon Limited	Sale of services	(89)	(20)	(31)	(13)
			Advance from Customers	-	9	-	-
			Issue of equity shares	1,334	-	-	-
			Interim dividend	88	-	-	-
			Issue of Bonus shares 1,604,696 equity shares of ₹ 10/- each	16	-	-	-
(d)	Biocon SA	Subsidiary of Biocon Limited	Sale of services	(14)	(10)	-	-
(e)	Syngene Employee Welfare Trust	ESOP Trust$	Loan Recovery / (granted) (refer note 38)	40	(110)	-	(150)
			Interim dividend	40	-	-	-
			Issue of Bonus shares 5,742,500 equity shares of ₹ 10/- each	57	-	-	-
(f)	Biocon Foundation	Trust #	Contributions towards CSR	22	-	-	-

Sl. No.	Name of the related party	Relationship	Description	Year ended March 31, 2015 Expenses/ (Income)/Other transactions	Balance as at March 31, 2015 Payable/ (Receivable)	Year ended March 31, 2014 Expenses/ (Income) / Other transactions	Balance as at March 31, 2014 Payable/ (Receivable)
(g)	Remuneration to key managerial personnel						
	Peter Bains (refer note (v) and (vi) below)	Director and Chief Executive Officer	Salary and perquisites	4	4	-	-
	M.B. Chinappa	Chief Financial Officer	Salary and perquisites	26	-	-	-
	(refer note (vi) and (vii) below)		ESOP Cost	9	-		
	Mayank Verma	Company Secretary	Salary and perquisites	2	-	-	-
	(refer note (vi) and (vii) below)		ESOP Cost	-	-	-	-
	* Less than ₹ 1 million.						

Trust in which Kiran Mazumdar Shaw is a Managing Trustee

$ Trust in which Key Managerial Personnel are the Board of Trustees

(i) Biocon Limited has given corporate guarantees of ₹ 260 (March 31, 2014 - ₹ 218) to the Customs and Excise Department ('CED') on behalf of the Company and the Company has furnished a corporate guarantee of ₹ 500 (March 31, 2014 - ₹ 465) on behalf of Biocon to the CED.

(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 ₹ 104 (Year ended March 31, 2014- ₹ 106) and power charges (including other charges) of ₹ 278 (Year ended March 31, 2014 - ₹ 236) have been charged by Biocon Limited for the year ended March 31, 2015.

(iii) Fellow subsidiary companies with whom the Company did not have any transactions - Biocon Sdn.Bhd, Malaysia, a subsidiary of Biocon Limited
Biocon Pharma Limited, a subsidiary of Biocon Limited
NeoBiocon FZ LLC, a subsidiary of Biocon Limited
Biocon Academy, a subsidiary of Biocon Limited

(iv) During the year ended March 31, 2015, Clinigene International Limited merged with Syngene International Limited. Refer note 1.1.

(v) Peter Bains has been appointed as Director and Chief Executive Officer in the Meeting of Board dated January 21, 2015 and approved by the shareholders on February 12, 2015.
The appointment is effective from February 2, 2015.

(vi) 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.

(vii) The disclosure of remuneration to the Chief Financial Officer and Company Secretary has been made in the current year pursuant to the requirement under the Companies Act, 2013.

(viii) Biocon Limited has guaranteed the pre-shipment credit loan facility provided to Clinigene International Limited from HDFC Bank Limited. There is no outstanding loan from HDFC Bank Limited as at March 31, 2015 against such facility.

32. Employee Benefit Plans

The Company has defined benefit gratuity plan as per Payment of Gratuity Act, 1972

A Summary of the gratuity plan is as follows:	Year ended March 31, 2015	Year ended March 31, 2014
Fund balance		
Defined benefit obligation	140	106
Fair value of plan assets	(8)	(9)
Plan Liability	**132**	**97**
The change in present value of the defined benefit obligation and funded status of the gratuity plan for the year ended March 31, 2015 and the year ended March 31, 2014 is as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	106	72
Benefit obligation pursuant to merger (refer note 1.1)	7	-
Current Service cost	17	13
Past Service cost	-	-
Interest cost	9	6
Benefits paid	(3)	(3)
Actuarial (gain) / loss on obligation	4	18
Defined benefit obligation at the end of the year	**140**	**106**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	9	11
Fair value of plan assets pursuant to merger (refer note 1.1)	1	-
Expected return on plan assets	1	1
Actuarial gain / (loss)	-	-
Actual contribution	-	-
Benefits paid	(3)	(3)
Fair value of plan assets at end of year	**8**	**9**
The Company expects to contribute ₹ Nil to Gratuity Fund in next 12 months (March 31, 2014 - ₹ 39)		
Net gratuity cost for the year are as follows:		
Components of net benefit cost		
Current Service cost	17	13
Past Service cost	-	-
Interest cost	9	6
Expected return on plan assets	(1)	(1)
Net actuarial (gain) / loss recognised during the year	4	18
Net gratuity cost	**29**	**36**
Actual return on plan assets	1	1

Experience adjustment	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	140	106	72	53	40
Plan assets	8	9	11	14	16
Surplus/(Deficit)	(132)	(97)	(61)	(39)	(24)
Experience adjustments on plan liabilities gain/(loss)	(7)	(8)	4	(9)	(2)
Experience adjustments on plan assets gain/(loss)	-	-	-	-	(1)

The principal assumptions used in determining the gratuity plan is shown below:

	March 31, 2015	March 31, 2014
Discount rate	7.93%	8.75%
Expected return on plan assets	7.93%	8.70%
Salary increase	9.00%	9.50%
Attrition rate upto age 44	26.00%	18.00%
Attrition rate above age 44	7.00%	5.00%

The Company evaluates these assumptions based on its long term plans of growth and industry standards. The nature of assets allocation of the Fund is only in debt based mutual funds of high credit rating.

33. Supplementary profit and loss data

a. Consumption of chemicals, reagents and consumables*

	Year ended March 31, 2015		Year ended March 31, 2014	
	Per cent	Amount	Per cent	Amount
Imported	44	1,102	43	821
Indigenous	56	1,391	57	1,077
		2,493		**1,898**

*Due to numerous items classified thereunder, it is not practical to provide details of consumption of individual items.

		March 31, 2015	March 31, 2014
b.	**Value of imports on CIF basis**		
	Chemicals, reagents and consumables	1,195	819
	Capital goods	943	540
		2,138	**1,359**
c.	**Expenditure in foreign currency (on accrual basis)**		
	Professional Charges	57	38
	Repairs & Maintenance	104	29
	Travel	11	10
	Interest expense	11	2
	Others	86	80
		269	**159**
d.	**Earnings in foreign exchange**		
	Contract research and manufacturing services	8,014	6,736
	Other operating income	154	112
		8,168	**6,848**

34. Capital and other commitments

		March 31, 2015	March 31, 2014
(a)	**Capital commitments**		
	Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	1,412	474
(b)	**Operating lease commitments**		
(i)	Rent		
	The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2022.		
	Gross rental expenses for the year aggregate to ₹ 49 (March 31, 2014 - ₹ 51). Future minimum rentals payable under non-cancellable operating leases are as follows:		
	Not later than one year	49	25
	Later than one year and not later than five years	181	116
	Later than five years	85	86
(ii)	Vehicles		
	The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto May 2018.		
	Gross rental expenses for the year aggregate to ₹ 2 (March 31, 2014- ₹ 2). Future minimum rentals payable under non-cancellable operating leases are as follows:		
	Not later than one year	1	1
	Later than one year and not later than five years	2	1
	Later than five years	-	-

35. Derivative Instruments

The Company has entered into foreign exchange forward contracts and option contracts to hedge highly probable forecasted transactions in foreign currency. As at March 31,2015 and March 31, 2014, the Company has the following outstanding contracts (in million):

In respect of highly probable forecasted sales / collections (in million):	**March 31, 2015**	**March 31, 2014**
Foreign exchange forward contracts with periodical maturity dates upto January 2017	USD 12	USD 22
	(INR 762)	(INR 1,323)
European style option contracts with periodical maturity dates upto January 2020	USD 341	USD 135
	(INR 21,223)	(INR 8,109)
Unhedged foreign currency exposure as at the balance sheet date is as given below (₹)		

	March 31, 2015	**March 31, 2014**
Balances with banks - In Current Account	1,143	911
Receivables (including unbilled revenue and advances recoverable)	1,971	1,372
Trade payables and payable for capital goods	203	130
Advance from Customers	2,130	1,906
Secured Loans	186	902
Unsecured Loans	1,364	601

36. Contingent liabilities

(a) The Company has given corporate guarantees in favour of the Customs and Excise department ('CED') in respect of certain performance obligations of Biocon aggregating to ₹ 500 (March 31, 2014- ₹ 465).The necessary terms and conditions have been complied with and no liability has arisen till date. Biocon has given corporate guarantees of ₹ 242 (March 31, 2014 - ₹ 218) to the Customs and Excise department ('CED') on behalf of the Company.

	March 31, 2015	**March 31, 2014**
(b) Taxation matters under appeal	1,045	1,045

Income tax demand from the tax authorities for payment of tax, based on assessment orders issued for which the Company has gone on appeal. The tax demand is mainly on account of denial of relief under section 10B of the Income-tax Act, 1961 and denial of relief under section 10AA of the Income-tax Act, 1961. The matter is pending final assessments / conclusion of appeals.

The Company is contesting the demands and the management is confident that its position will be upheld in the appellate process. Accordingly, no tax expense has been accrued in the financial statements for the demand raised.

	March 31, 2015	**March 31, 2014**
c) Service Tax matters	57	-
d) VAT matters under appeal	1	-

37. Segmental Information

Business segments

The Company is engaged in a single business segment of providing contract research and manufacturing services.

Geographical segments

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

	Year ended March 31, 2015	**Year ended March 31, 2014**
Contract research and manufacturing services income		
India	413	192
Outside India	8,014	6,679
Total	**8,427**	**6,871**

Carrying amount of segment assets.	**As at March 31, 2015**	**As at March 31, 2014**
India	12,244	10,537
Outside India	1,971	1,372
Total	**14,215**	**11,909**

Note: All fixed assets of the Company are located in India.

38. Employee Stock Incentive Plan

(a) Selected employees of the Company were granted stock options of Biocon Limited('Biocon'), the holding company based upon performance, criticality to business and long-term potential to the Company. The options vest rateably over a period of 4 years. The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The management is of the opinion that the schemes detailed above are managed and administered by Biocon for its own benefit and do not have any settlement obligations on the Company. Further the aforesaid schemes pertain to shares of Biocon. The compensation benefits in respect of such schemes is paid by the Company based on the cross charge from Biocon. Accordingly, the Company is of the opinion that there is no further accounting treatment/ disclosure required under the said Guidance Note.

(b) 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 and subsidiary company. The Board of Directors has approved the employee stock option plan of the Company. On October 31, 2012 the Trust subscribed 1,875,000 equity shares (Face Value of ₹ 5 per share) of the Company using the proceeds from interest free loan of ₹ 150 obtained from the Company. The loan granted and receivable from the Trust has been adjusted in the shareholders' funds as per the Guidance Note on Accounting for Employee Share- based Payments issued by Institute of Chartered Accountants of India. Also refer note 3 and 4 above. As at March 31, 2015, the Trust holds 6,680,000 equity shares of face value : ₹ 10/- each, adjusted for the consolidation of shares and bonus issue.

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 grades of the employees. These options are exercisable at an exercise price of ₹ 80/- per share (Face Value of ₹ 5 per share).

Details of Grant

Particulars	March 31, 2015		March 31, 2014	
	No. of options	WAEP * (In ₹)	No. of options	WAEP* (In ₹)
Grant I				
Outstanding at the beginning of the year	1,580,340	80	-	-
Granted during the year	59,700	80	1,615,090	80
Forfeited during the year	220,540	80	34,750	80
Exercised during the year	-	-	-	-
Outstanding at the end of the year	1,419,500	80	1,580,340	80
Decrease in Number of options as a result of consolidation of shares [refer note 3(l)]	(709,750)	-	-	-
Increase in Number of options as a result of Bonus issue [refer note 3(n)]	4,347,350	-	-	-
Outstanding at the end of the year as adjusted	5,057,100	22.5 #	1,580,340	80
Exercisable at the end of the year	-	-	-	-
Life of the options granted (vesting and exercise period) in years		6.15		6.15
Weighted average fair market value of shares granted (In ₹)		140 #		244

The weighted average fair value of the Company's options granted during the year ended March 31, 2015 is in the range of ₹ 125 # - ₹ 128 # (face value of ₹ 10/- each) [March 31, 2014 - ₹ 186 - ₹ 198 (face value of ₹ 5/- each)] per option, under Black Scholes Model. The weighted average remaining contractual life for the Stock Options outstanding as on March 31, 2015 is 4.69 years (March 31, 2014 - 5.65 years)

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

Particulars	March 31, 2015	March 31, 2014
Dividend yield (%)	-	-
Exercise Price (In ₹)	22.5 #	80
Volatility	50.4 % - 53.3 %	40.9 % - 47.6 %
Life of the options granted (vesting and exercise period)	6.15 years	6.15 years
Average risk-free interest rate	8.57 % - 8.59 %	8.7 % - 8.8 %

* Weighted Average Exercise Price

Adjusted for matters discussed in note 3(l) & 3(n)

Since the Company uses the intrinsic value method for determination of the employee stock compensation expense, the impact on the reported net profit and profit per share under the fair value approach on a proforma basis, is as given below :

Particulars	March 31, 2015	March 31, 2014
Profit for the year	1,750	1,339
Add: Employee stock compensation under intrinsic value	60	56
Less: Employee stock compensation under fair value	65	49
Proforma Profit for the year	**1,745**	**1,346**
Earnings per equity share - Basic [See note 39 below]		
- As reported (in ₹)	9.20	7.19
- Proforma (in ₹)	9.18	7.23
Earnings per equity share - Diluted [See note 39 below]		
- As reported (in ₹)	8.89	6.94
- Proforma (in ₹)	8.86	6.97

39. Reconciliation of basic and dilutive shares used in computing earnings per share

	March 31, 2015 (In Nos.)	March 31, 2014 (In Nos.)
Equity Shares outstanding as at the end of the year	193,320,000	52,291,667
Less: Adjusted as a result of consolidation of shares [refer note 3(l)]	-	(26,145,833)
	193,320,000	26,145,834
Add: Adjusted as a result of Issue of bonus equity shares [refer note 3(n)]	-	160,151,937
Equity shares outstanding as at the end of the year	193,320,000	186,297,771
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	**190,164,803**	**186,297,771**
Add: Diluted number of Equity Shares		
Equity shares granted to the ESOP Trust	6,680,000	1,875,000
Less: Adjusted as a result of consolidation of shares [refer note 3(l)]	-	(937,500)
	6,680,000	937,500
Add: Adjusted as a result of Issue of bonus equity shares [refer note 3(n)]	-	5,742,500
	6,680,000	6,680,000
Weighted average number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	**196,844,803**	**192,977,771**
Nominal Value per Equity Share [refer note 3(l)]	**₹ 10/-**	**₹ 10/-**

The number of Equity shares outstanding for the previous year is adjusted for events of consolidation of shares and increase as a result of Bonus issue in accordance with Accounting Standard (AS) 20 - Earnings Per Share. Also refer note 3.

40. During the year ended March 31, 2015, the Company identified a) certain discrepancies in the list of allottees in the e-form filed with Registrar of Companies (ROC) dated April 24, 2012 in respect of Bonus shares allotted on February 28, 2012 and b) that the explanatory statement in respect of notice for EGM held on December 14, 2011 for preferential issue of 625,000 shares of Face Value of ₹ 5/- each did not contain certain information as required under Rule 6 of Unlisted Public Companies (Preferntial Allotment) Rules, 2003.

Accordingly, the Company has made an application for Compounding of offences with the ROC. Based on the legal advice received, the Company is confident that the penalty, if any, levied by the ROC, will not be material to the financial statements and hence no provision for penalty has been made in the financial statements.

41. Prior years' comparatives

The current period financial information include the state of affairs and operations of the Transferor Company, as described in note 1.1 above. Hence, the current period's figures are strictly not comparable with the previous year's figures. The Company has reclassified and regrouped the previous year figures to confirm to current period's classification.

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

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

Kiran Mazumdar-Shaw
Director

JMM Shaw
Director

Peter Bains
Director & Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary

Bengaluru
April 28, 2015