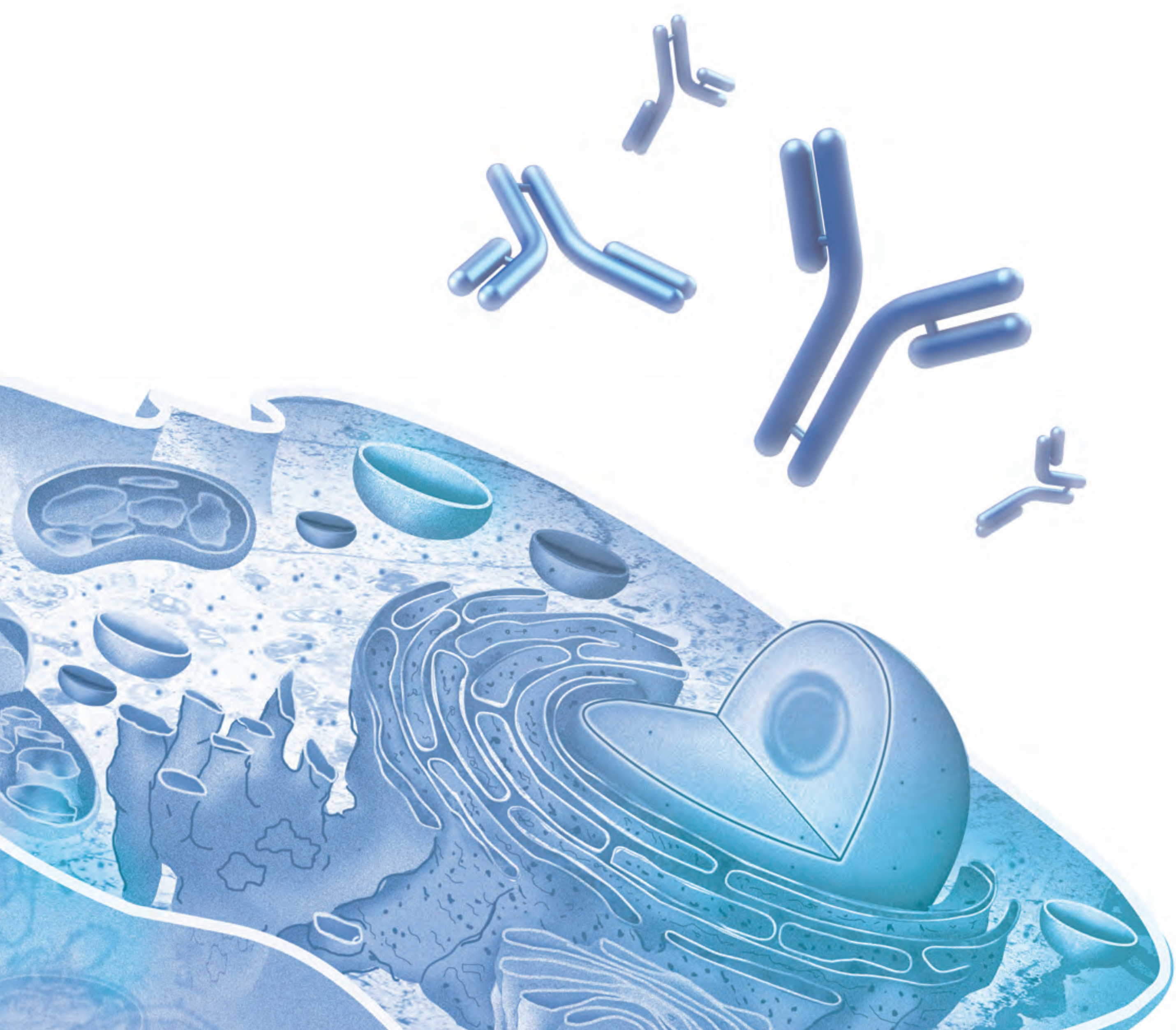
Biocon

Ahead of the curve

Annual Report 2017



Ahead
of the curve

In an environment of constant technological disruption, success hinges on the ability to stay 'ahead of the curve'.

To strike ahead, Biocon broke from the pack.

Financial Report

BIOCON LIMITED

Board's Report

Dear Shareholders,

We present you the Thirty-Ninth Annual Report on business and operations along with the audited financial statements and the auditor's report of your Company for the financial year ended March 31, 2017.

Financial Highlights

In ₹ Million (except EPS)

Particulars	Standalone Results		Consolidated Results	
	FY17	FY16	FY17	FY16
Total Revenue	27,172	25,085	40,787	34,602
Expenses	21,810	20,552	32,453	28,912
Share in net profit of joint venture	-	-	163	217
Profit before tax and exceptional items	**5,362**	**4,533**	**8,497**	**5,907**
Exceptional items	-	1,061	-	1,606
Profit before tax	**5,362**	**5,594**	**8,497**	**7,513**
Income tax	1,211	845	1,538	1,299
Income tax on exceptional items	(1,042)	1,063	78	123
Non-controlling interest	-	-	760	587
Profit for the year	**5,193**	**3,686**	**6,121**	**5,504**
Other comprehensive income, net	84	(10)	764	(58)
Total comprehensive income	**5,277**	**3,676**	**6,885**	**5,446**
Earnings per Share (EPS) before exceptional item	21.15	18.79	31.59	20.48
Earnings per Share (EPS) after exceptional item	26.45	18.78	31.18	28.04

Standalone and Consolidated Financial Statements

The standalone and consolidated financial statements of your Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended March 31, 2016, your Company along with subsidiaries, associates and joint ventures prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). These financial statements for the year ended March 31, 2017 are the first that have been prepared by the Company, its subsidiaries and associates in accordance with Ind AS.

Further, a statement containing the salient features of the financial statements of our subsidiaries pursuant to subsection 3 of Section 129 of the Companies Act, 2013 in the prescribed form AOC-1 is appended as *Annexure 1* to the Board's report. The statement also provides the details of performance and financial positions of each of the subsidiaries.

State of affairs

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

- Revenue from operations grew by 12% to ₹ 26,184 mn from ₹ 23,354 mn in FY16. Other income for FY17 at ₹ 988 mn (FY16 ₹ 1,731 mn), primarily due to foreign exchange gain ₹ 160 mn and dividend from subsidiaries ₹ 487 mn in FY16.
- Core operating margins (EBIDTA excluding R&D, forex and dividend from subsidiaries) remained at similar levels as compared to FY16.

Exceptional item

During the previous year, the Company had a gain, net of tax from sale of equity shares of the Company's subsidiary, Syngene International Limited (Syngene). MAT credit on such gain was not recorded in the previous year due to uncertainty of utilization. During the current year, pursuant to change in the Income tax law and other business restructuring, the Company believes that it will be able to utilize the MAT credit entitlement. Accordingly, during the year ended March 31, 2017, the Company has recorded MAT credit entitlement of ₹ 1,042 mn in its standalone financial statements. However, in the consolidated financial statements such entitlement is recognised as a credit in equity along with the underlying dilution gain on sale of equity stake in Syngene, as it did not impact Group's control.

- Profit for the year stood at ₹ 5,193 mn up 41% from FY16. PAT excluding exceptional income, net of tax was ₹ 5,193 mn (FY16 ₹ 3,688 mn).
- Effective tax rate (ETR) for the year was 3% due to MAT credit recorded on exceptional income of FY16. ETR before exceptional item was 23%.

During the year, our consolidated revenues registered a growth of 18% to ₹ 40,787 mn from ₹ 34,602 mn in FY16. From a segment perspective, the small molecules recorded a growth of 12% while the research services business registered a year-on-year increase of 7%. Biologics and Branded Formulation recorded an annual growth of 43% and 24% respectively.

Consolidated profits for the year grew by 11% to ₹ 6,121 mn from ₹ 5,504 mn. Profits of FY17 included tax on exceptional income of ₹ 78 mn as against an exceptional gain of ₹ 1,483 mn (net of taxes) in FY16, which has been explained in detail under the section Management Discussion and Analysis.

Bonus

With a view to encouraging the participation of small investors by making equity shares of the Company affordable, increasing the liquidity of the equity shares and to expand the retail shareholders' base, your directors at their meeting held on April 27, 2017, recommended issue of bonus shares of two equity shares for every one equity share held by the members as on the record date to be determined by the Board of Directors (Board). Consequent to the proposal of issue of bonus shares, the authorised share capital of the Company was proposed to be increased from ₹ 110 crores (22 crores equity shares of ₹ 5/- each) to ₹ 300 crores (60 crores equity shares of ₹ 5/- each). Your directors have decided to seek the approval of the shareholders for the above proposals by way of postal ballot.

Dividend

Your Directors are pleased to recommend a final dividend of ₹ 3/- (Pre-Bonus) per equity share on the face value of ₹ 5/- per equity share for the financial year ended March 31, 2017 amounting to ₹ 600 mn. In view of net cash generated from operations being substantially deployed in capex and taking into account the future capital commitments, your Directors consider it prudent to propose the above dividend. The dividend payout is subject to approval of members at the ensuing Annual General Meeting (AGM).

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

Dividend Distribution Policy

As per the provisions of regulation 43A of SEBI LODR, the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the Company. The policy is appended herewith as *Annexure 2* to the Board's report and is also available on the Company's website, at http://www.biocon.com/docs/Dividend_Distribution_Policy.pdf.

Transfer of Unpaid and Unclaimed Amounts to IEPF

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. During the year under review, the Company has credited unpaid/ unclaimed dividends of financial year 2008-09 amounting to ₹ 648,003 lying in the unpaid dividend account to the Investor Education and Protection Fund (IEPF).

Subsidiaries and Joint ventures

Your Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing Agreement. The said policy is available at the Company's website http://www.biocon.com/docs/PolicyDocument_MaterialSubsidiary.pdf

During the year, Biocon Biologics India Limited, was incorporated on June 08, 2016 as a wholly owned subsidiary of Biocon Biologics Limited, UK ("BUK"). As on March 31, 2017, your Company has 10 subsidiaries. A report on the performance and financial position of each of the subsidiaries is presented below.

Syngene International Limited, India

Syngene International Limited ("Syngene") is one of India's leading contract research organisation offering a suite of integrated, end-to-end discovery and development services for novel molecular entities (NMEs) across industrial sectors including pharmaceutical, biopharmaceutical and biotechnology amongst others. Syngene helps its clients in conducting discovery (from hit to candidate selection), development (including pre-clinical and clinical studies, analytical and bio-analytical evaluation, formulation development and stability studies) and pilot manufacturing (scale-up, pre-clinical and clinical supplies) each with distinctive economic advantage. Unlike the traditional business models, these services are offered through flexible business models ranging from a full-time equivalent ("FTE") to a fee-for-service ("FFS") model or a combination customized on the client's specific requirement.

During the year ended March 31, 2017, Syngene registered a revenue growth of 14% to ₹ 12,716 mn in FY17 (FY16 ₹ 11,133 mn). EBIDTA margin for the year was 38%, with the operating margin at ₹ 4,783 mn (FY16 - ₹ 3,867 mn), registering a growth of 3%.

Pursuant to a fire incident on December 12, 2016 at Syngene, certain fixed assets, inventory and other contents in one of the buildings were damaged. Syngene lodged an initial estimate of loss with the insurance company and the survey is currently ongoing. During the year ended March 31, 2017, Syngene has written off the net book value of assets aggregating to ₹ 795 mn and recognised a minimum amount of insurance claim receivable for an equivalent amount. In addition, the Group is in the process of determining its claim for Business Interruption and has accordingly not recorded any claim arising therefrom at this stage.

On April 27, 2017, the Board of Directors of Syngene recommended a dividend of ₹ 1/- (10%) per equity share for FY17, entailing a pay-out of ₹ 200 mn. The dividend payout is subject to approval of members at their ensuing Annual General Meeting (AGM).

Biocon Research Limited, India

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

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

During FY17, BRL registered a turnover of ₹ 1,657 mn and reported a net profit of ₹ 661 mn compared to a turnover of ₹ 4,100 mn and a net profit of ₹ 832 mn in FY16. FY16 turnover included out-licensing of development and commercialisation rights of mAbs to BUK for a consideration of ₹ 2,820 mn.

Biocon Pharma Limited, India

Biocon Pharma Limited ("BPL") is a wholly owned subsidiary of the Company. BPL would be engaged in the development and manufacture of generic formulations for sale in global markets, especially opportunities in US and EU. BPL is in the process of setting up its formulations manufacturing facility for oral solid dosages at Biocon SEZ, Bengaluru. During FY17, 7 mn equity shares of face value of ₹ 10 each were issued to Biocon Limited at face value. As of March 31, 2017, BPL has not commenced commercial operations and had capital work-in-progress of ₹ 1,130 mn (FY16 ₹ 150 mn).

Biocon Pharma Inc, USA

Biocon Pharma, Inc. ("BPI"), a wholly owned subsidiary of Biocon Pharma Limited was incorporated in July 2015 in the United States of America. BPI will be engaged in commercialization of generic formulations in the United States. As at March 31, 2017, BPI has not commenced commercial operations.

Biocon Biologics Limited, UK

Biocon Biologics Limited ("BUK") is a wholly owned subsidiary of the Company. Incorporated in the United Kingdom in March 2016, BUK houses Biocon's biosimilar biologics business. Biocon SDN. BHD. is a wholly owned subsidiary of BUK. During the year ended March 31, 2017, BUK earned ₹ 1,826 mn as revenue and reported a net loss of ₹ 189 mn.

Biocon SDN. BHD, Malaysia

Biocon SDN. BHD., Malaysia is a step down subsidiary of the Company, wholly owned by BUK. Biocon SDN. BHD. was established with an objective to set up the group's first overseas manufacturing facility at Malaysia. The facility is located within BioXcell, a biotechnology park in Nusajaya, Johor, which is being promoted by the Malaysian government.

The manufacturing facility, designed to manufacture recombinant human insulin and insulin analogs received local cGMP certification from the National Pharmaceutical Control Bureau. The plant was capitalised (₹ 16,851 mn) at the end of the current year, based on its readiness to start commercial supplies. Average useful life of the plant is expected to be 16 years. Biocon SDN BHD will seek approvals from leading regulatory agencies across the globe for marketing its products in rest of the world from FY 18. Approval from the developed markets are expected in the coming years.

Biocon SDN. BHD. will also continue the research and development activities pertaining to human insulin and analogues which it acquired from Biocon SA.

Biocon SDN. BHD. reported a total revenue of ₹ 998 mn and net profit of ₹ 5 mn in FY17.

Biocon Biologics India Limited, India

Biocon Biologics India Limited ("BBIL") is a step down subsidiary of the Company, wholly owned by BUK. BBIL was incorporated on June 08, 2016 in India with an objective to set up green field biosimilar biologics facilities. As at March 31, 2017, BBIL has not commenced commercial operations.

Biocon SA, Switzerland

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

For the current year, Biocon SA registered net profit of ₹ 684 mn against ₹ 1,229 mn in FY16. Exceptional gains as explained below resulted in increased net profits for FY16.

Exceptional items comprises of

(a) an amount of ₹ 2,561 mn (net of tax) released from deferred balance pursuant to contract with Laboratories PiSA S.A. de C.V (PiSA) of Mexico for the co-development and commercialization of generic recombinant human insulin (rh-insulin) for the US market.

(b) impairment charge of ₹ 1,078 mn of the marketing rights of T1H product for US and Canada region ('Territory') due to uncertainties over commercialisation of the products in the Territory owing to OFAC sanctions.

(c) During the year ended March 31, 2017, Biocon SA and Biocon Sdn. Bhd. have entered into an Assignment and License Agreement pursuant to which Biocon SA transferred all of its rights, interests and obligations in Insulin Analogs (IPR) to Biocon SDN. BHD. Consequent to this transfer BSA recorded a gain of ₹ 1,150 mn, net of tax ₹ 78 mn.

Biocon FZ – LLC, UAE

Biocon FZ LLC is a wholly owned subsidiary of the Company based in Dubai. Incorporated in June 2015, Biocon FZ LLC was established as a marketing entity for pharmaceutical products to target markets in the Middle East and GCC. During the year ended March 31, 2017, Biocon FZ LLC earned ₹ 1,328 mn as revenue and reported a net loss of ₹ 21 mn.

Biocon Academy, India

Biocon Academy spearheads Biocon's CSR initiatives in the technical / professional education segment. The academy was established as a Centre of Excellence for Advanced Learning in Biosciences in 2014. Biocon Academy leverages rich industry experience of Biocon and subject matter expertise of international Education Partners such as Keck Graduate Institute of Claremont, California (USA). The academy is dedicated exclusively to industry oriented biosciences education. The programs offered by the academy aim to empower the Biotechnology and Engineering graduates with advanced learning and industrial proficiency through job-skills development essential to build a promising career in the Biotech industry.

Management discussion and analysis

In terms of the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), the Management's discussion and analysis is set out in this Annual Report.

Corporate Governance

Your Company is committed to maintain the highest standards of corporate governance. We believe sound corporate governance is critical to enhance and retain investor trust. Our disclosures seek to attain the best practices in corporate governance as prevalent globally. We have implemented several best corporate governance practices in the Company to enhance long-term shareholder value and respect minority rights in all our business decisions. Corporate governance report for FY 2016-17 forms part of this Annual Report.

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

Business Responsibility Report

The 'Business Responsibility Report' (BRR) of your Company for the year 2016-17 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Employee Stock Option Plan (ESOP)

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

During the year ended March 31, 2017, a total of 499,689 shares were transferred from the ESOP Trust to the eligible employees under the Company's prevailing ESOP plan. As at March 31, 2017, the ESOP Trust held 3,529,870 equity shares of the Company. During the year ended March 31, 2017, there has been no material change in the Company's existing plan and the plan is in compliance with SBEB Regulations. Information as required under SBEB Regulations read with SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 have been uploaded on the Company's website and can be accessed at the web-link: http://www.biocon.com/biocon_invrelation_annualreports.asp?subLink=finance

The applicable disclosures as stipulated under the SBEB Regulations as on March 31, 2017 is appended herewith as *Annexure 3* to the Board's report. The Company has received a certificate from the statutory auditors that the scheme has been implemented in accordance with SBEB Regulations and the resolutions passed by the shareholders. The certificate would be placed at the AGM for inspection by the members.

Deposits

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

Loans, Guarantees or Investments

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

Policy on Directors' appointment and remuneration

The Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the board and separate its functions of governance and management. As on March 31, 2017, the Board consists of 10 Directors, majority of them being Independent Directors. Besides the Chairperson and Managing Director who is a Promoter, the Board comprises of Vice Chairman who is a Whole-time Director, a CEO & Joint Managing Director, a Non- Executive Director and 6 Independent Directors. The Board periodically evaluates the need for change in its composition and size. The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters as required under sub-section (3) of Section 178 of the Companies Act, 2013 are formulated by the Nomination and Remuneration Committee. The policy of the Company on Director's appointment and remuneration is appended herewith as *Annexure 4* to the Boards' Report.

Board Diversity

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

Declaration by Independent Directors

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

Board Evaluation

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

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

Appointment of Directors and Key Managerial Personnel

The members at the 38th AGM held on June 30, 2016 appointed Mr. M. Damodaran as an Independent Director for a period of three consecutive years for a term upto the conclusion of 41st AGM of the Company in the calendar year 2019. The members at the said AGM also appointed Dr. Arun S Chandavarkar, CEO & Joint Managing Director, as a director liable to retire by rotation. We thank the members for their support in confirming the above mentioned appointments.

The Board, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Rajiv Balakrishnan as the Company Secretary and Compliance Officer effective January 24, 2017 in place of Mr. Kiran Kumar. G who relinquished his post as the Company Secretary of the Company, to pursue other interests within the group. The Board places on record its appreciation for the services rendered by Mr. Kiran Kumar. G during his tenure as the Company Secretary.

Retirement and Re-appointment

As per the provisions of Section 152(6) of Companies Act, 2013, Prof. Ravi Mazumdar, retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board recommends his re-appointment.

The current term of appointment of Mr. Russell Walls, Ms. Mary Harney and Mr. Daniel Bradbury, Independent Directors of the Company shall come to an end at the ensuing AGM. Based on the outcome of the performance evaluation, the Nomination and Remuneration Committee has recommended to continue the term of appointment of the above Independent Directors and nominated to the Board, re-appointment of Mr. Russell Walls, Ms. Mary Harney and Mr. Daniel Bradbury as Independent Directors for an additional term of five consecutive years. The Company has received declarations from all the three Independent Directors confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and regulation 25 of SEBI LODR. The Company has also received requisite notices in writing from members proposing Mr. Russell Walls, Ms. Mary Harney and Mr.

Daniel Bradbury as Independent Directors of the Company.

The Board recommends the re- appointment of Mr. Russell Walls, Ms. Mary Harney and Mr. Daniel Bradbury as Independent Directors.

Committees of the Board

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

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

A detailed note on the composition of the Board and other committees is provided in the corporate governance report section of this annual report.

Meetings of the Board

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

The Board during the financial year 2016-17 met four times. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Detailed information regarding the meetings of the Board are included in the report on Corporate Governance, which forms part of the Board's Report.

Related party contracts or arrangements

All transactions entered into with Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis. The Company has formulated a policy on "materiality of related party transactions" and the process of dealing with such transactions, which are in line with the provisions of the Companies Act, 2013 and SEBI LODR. The same is also available on the web-link: http://www.biocon.com/docs/PolicyDocument_RelatedPartyTransaction_2015.pdf

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

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

Credit Ratings

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

Conservation of energy, technology absorption, foreign exchange earnings & outgo

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

Auditors

Statutory Auditors

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

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

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

The Auditors' Report on the financial statements of the Company for the year ending March 31, 2017 is unmodified i.e. it does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements forming part of the annual report.

Cost Auditors

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

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

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members in a General Meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to Messrs Rao & Murthy, Cost Accountants is included in the notice convening the 39th AGM.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules thereunder, M/s Sreedharan & Co, Practicing Company Secretaries was appointed to conduct the secretarial audit of the Company for the FY 2016-17. The secretarial audit report for FY 2016-17 is appended herewith as *Annexure 7* to the Board's report. The secretarial audit report does not contain any qualification, reservation or adverse remark.

The Board has appointed Mr. M. Damodaran of M/s. Damodaran & Associates, Practising Company Secretaries as secretarial auditor of the Company for the financial year 2017-18.

Risk Management Policy

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

Internal Financial Control

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

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

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

Vigil mechanism

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

Whistle Blower Policy of your Company is available on the Company's website and can be accessed at the web-link:http://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf

Directors' Responsibility Statement

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

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) they have prepared the annual accounts on a going concern basis.

(e) they have laid down internal financial controls based on internal controls framework established by the Company, which were adequate and are operating effectively and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees

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

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

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

Corporate Social Responsibility (CSR)

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

Health Care services: The Company firmly believes that the use of technology can make healthcare delivery in rural areas more efficient and therefore we have developed an integrated and holistic healthcare delivery service, which seeks to address critical gaps in the delivery of healthcare in rural India. Our efforts are targeted at enabling last mile reach of preventive and primary health services in rural areas.

Education: While the Company projects address experiential learning in basic maths, computer skills and language skills of the underserved young people in rural areas, it also imparts advanced training necessary and skills required for gainful employment in the Biopharma sector to young graduates through Biocon Academy.

Promote Art & Culture: India has a rich heritage of Art and Culture across the land which needs to be preserved and promoted. Our various forms of music and dance, style of paintings and sculptures have intrigued many across the globe, yet a large pool of our artistes have not gained enough recognition. Biocon Foundation believes in creating a platform to promote art & culture, encourage artists and share this knowledge with the marginalized communities through various initiatives to help them develop a keen sense of appreciating fine arts.

Safety of women and children: Biocon believes that the safety of women and children is the collective responsibility of society. The Company provides safe transport for pregnant women to come to primary health centres for ante natal check-ups and for children attending our "Aata Paata Wadi". It also provides vehicles for the police to support their work in managing the safety of citizens.

Gender Equality: Gender Equality and equity is basic human right and your Company works towards this in all its communities. The Company works towards gender equality by providing vocational skills and assisting with employment opportunities. The Company, counsel, mentor and protect young women at risk from sexual trafficking and assist women and girls with life skills coaching and employment opportunities.

Rural Development: The Company is working to build townships, schools, sanitation and water supply systems that can fulfil the basic needs of underprivileged rural and urban communities. The Company has adopted a township in North Karnataka and is also providing support infrastructure, including a school, safe drinking water, a health centre and community hall in the village. The Company has installed solar lights, rain water harvesting systems and household and community toilets to enable clean sanitation facilities for the rural communities.

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

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

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral. During the year under review, 7 complaints with allegations of sexual harassment were filed, all of which were disposed-off as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Significant and material orders

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

Statutory Disclosures

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

Material changes and commitments

No material changes and commitments affecting the financial position of the Company have occurred between March 31, 2017 and the date of this report.

Change in nature of business

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

Extract of Annual Return

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

Acknowledgement

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

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

For and on behalf of the Board

Bengaluru,
April 27, 2017

Kiran Mazumdar -Shaw
Chairperson & Managing Director

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Annexure 1- Statement containing salient features of the financial statement of subsidiaries /associate companies/ joint ventures

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

In ₹ Million

Part A - Subsidiaries

Sl. No.	Name of the subsidiary	Date since subsidiary was acquired/ incorporated	Reporting Period	Reporting currency	Share capital	Reserves & Surplus (other equity)	Total Assets	Total Liabilities (excl. capital & reserves)	Investments (excluding in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit for the year	Proposed dividend	% of Shareholding by the Company
1	Syngene International Limited, India	November 18, 1993	Apr - Mar	₹	2,000	12,131	27,738	13,607	5,404	12,716	3,465	592	2,873	200	73.54%
2	Biocon Research Limited, India	May 28, 2008	Apr - Mar	₹	1	403	2,773	2,369	-	1,657	391	(270)	661	-	100.00%
3	Biocon Academy, India	December 03, 2013	Apr - Mar	₹	1	-	16	15	-	-	-	-	-	-	100.00%
4	Biocon Pharma Limited, India	October 31, 2014	Apr - Mar	₹	121	10	1,761	1,630	-	60	9	4	5	-	100.00%
5	Biocon SA, Switzerland	April 21, 2008	Apr - Mar	USD	6	4,430	5,422	986	-	1,336	762	78	684	-	100.00%
6	Biocon Biologics Limited, UK	March 02, 2016	Apr - Mar	USD	4,342	(113)	6,446	2,217	-	1,826	(189)	-	(189)	-	100.00%
7	Biocon SDN BHD, Malaysia	January 19, 2011	Apr - Mar	USD	3,543	(12)	21,856	18,325	-	998	5	-	5	-	Refer note 4
8	Biocon Pharma Inc, US	July 27, 2015	Jan - Dec	USD	91	(98)	38	45	-	-	(98)	-	(98)	-	Refer note 5
9	Biocon FZ LLC, UAE	June 16, 2015	Apr - Mar	AED	3	(18)	658	673	-	1,328	(21)	-	(21)	-	100.00%
10	Biocon Biologics India Limited, India	June 08, 2016	Apr - Mar	₹	1	-	1	-	-	-	-	-	-	-	Refer note 6

Exchange rate considered in the case of foreign subsidiaries - 1 USD = 64.81; 1 AED = 17.65

Part B - Associates & Joint Ventures

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

Sl. No.	Name of Joint Venture	Date on which the joint venture was associated/acquired	Latest audited Balance Sheet date	Share of Joint Venture held by the Company on the year end			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to share holding as per latest audited Balance Sheet	Profit for the year	
				Number of shares	Amount of investments in Joint Venture	Extent of holding %				Considered in consolidation	Not considered in consolidation
1	NeoBiocon, UAE	April 29, 2007	March 31, 2017	147,000	422 mn	49%	By way of control of more than twenty percent of total share capital	NA	422 mn	163 mn	-

Notes:

1. None of the subsidiaries have proposed dividends as at March 31, 2017, except Syngene International Limited.
2. Biocon Research Limited holds 0.93% of equity stake in Syngene International Limited.
3. Biocon Pharma Limited and Biocon Pharma Inc are yet to commence commercial operations as at March 31, 2017.
4. Biocon Biologics Limited, UK holds 100% of equity stake in Biocon SDN BHD, Malaysia. The reporting currency of Biocon SDN BHD is MYR, however USD is disclosed since it is the functional currency.
5. Biocon Pharma Limited, India holds 100% of equity stake in Biocon Pharma Inc, US.
6. Biocon Biologics India Limited, India has pending share application money from Biocon Biologics Limited, UK.

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Arun S. Chandavarkar
CEO & Joint Managing Director

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bengaluru
April 27, 2017

Annexure 2 - Dividend Distribution Policy

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

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

PREAMBLE:

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

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

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

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

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

CATEGORY OF DIVIDENDS

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

A. **Final Dividend**

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

B. **Interim Dividend**

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

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

FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

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

Internal Factors:

I. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
   a. Previous years and
   b. Internal budgets,

II. Cash flow position of the Company,

III. Accumulated reserves

IV. Earnings stability.

V. Future cash requirements for organic growth/expansion and/or for inorganic growth,

VI. Brand acquisitions,

VII. Current and future leverage and under exceptional circumstances, the amount of contingent liabilities.

VIII. Deployment of funds in short term marketable investments,

IX. Long term investments,

X. Capital expenditure(s)

External Factors:

i) Business cycles,

ii) Economic environment,

iii) Cost of external financing,

iv) Applicable taxes including tax on dividend,

v) Industry outlook for the future years.

vi) Inflation rate, and

vii) Changes in the Government policies, industry specific rulings & regulatory provisions.

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

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

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

i) Capital expenditure for working capital,

ii) Organic and/ or inorganic growth,

iii) Investment in new business (es) and/or additional investment in existing business (es),

iv) Declaration of dividend,

v) Capitalisation of shares,

vi) Buy back of shares,

vii) General corporate purposes, including contingencies,

viii) Correcting the capital structure,

ix) Any other permitted usage as per the Companies Act, 2013.

POLICY REVIEW

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

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

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Annexure 3 - Disclosure with respect to Employees Stock Option Plan of the Company

A. Summary of Status of ESOP:

Sl. No.	Particulars	
1	Date of shareholders' approval	September 27, 2001
2	Total number of options approved under ESOS	11,423,820*
3	Vesting requirements	Refer note 31 of the standalone financial statements
4	Exercise price or pricing formula	
5	Maximum term of options granted	
6	Source of shares (primary, secondary or combination)	Combination
7	Variation in terms of options	No variation
8	Method used to account for ESOS - Intrinsic or fair value	Refer note 31 of the standalone financial statements
9	The impact on the profits and EPS of the company	

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

B. Option movement during the year 2016-17:

Sl. No	Particulars	Grant IV	Grant V	Grant VI	Grant VII	Grant VIII	Grant IX	Grant X
1	Number of options outstanding at the beginning of the period	3,500	791,875	1,185,839	1,275,500	312,500	-	-
2	Number of options granted during the year	-	-	95,000	200,000	55,000	472,500	255,000
3	Number of options forfeited / lapsed during the year	1,000	74,625	61,600	238,500	105,000	5,000	51,250
4	Number of options vested during the year	-	215,889	260,338	26,250	28,250	-	-
5	Number of options exercised during the year	2,500	221,388	258,001	16,800	1,000	-	-
6	Number of shares arising as a result of exercise of options	2,500	221,388	258,001	16,800	1,000	-	-
7	Money realized by exercise of options (INR), if scheme is implemented directly by the company	-	-	-	-	-	-	-
8	Loan repaid by the Trust during the year from exercise price received	-	-	-	-	-	-	-
9	Number of options outstanding at the end of the year	-	495,862	961,238	1,220,200	261,500	467,500	203,750
10	Number of options exercisable at the end of the year	-	135,175	125,026	9,450	16,750	-	-
11	Weighted-average exercise prices of options outstanding at the end of year	-	357	471	482	460	496	392
12	Weighted-average fair values of options granted	-	-	156	251	149	617	442

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

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

Sl. No	Name of the Employee	Designation	Grant	No of options granted	Exercise price
1	Suresh Subramanian	Senior Vice president	Grant IX	25,000	467
2	Prasad Deshpande	Vice President	Grant X	20,000	415
3	Paul Vazhayil Thomas	Vice President	Grant X	20,000	415
4	Sandeep Nilkanth Athalye	Senior Vice president	Grant IX	25,000	566

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

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

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

1	Weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model	Refer note 31 of the standalone financial statements
2	Method used and the assumptions made to incorporate the effects of expected early exercise	
3	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	
4	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	None

For and on behalf of the Board

Bengaluru
April 27, 2017

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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Annexure 4 - Policy on Director's appointment and remuneration

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

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

Background

Section I

The Key Objectives of the Committee / Policy would be:

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

Composition and Meetings

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

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

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

Definition

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

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee.

'Directors' mean Directors of the Company.

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

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

Section II

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

Duties and Role of Committee

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

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

Specifically, the duties include

A. Nomination Matters

- Determining the appropriate size, diversity and composition of the Board.

- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness.
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, industry benchmarks and compliance.
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
- Recommend necessary changes to the Board in line with Board Diversity Policy.
- Considering any other matters, as may be requested by the Board.

B. Remuneration Matters

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

Section III

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

Appointment criteria and qualifications

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

Term/Tenure

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

Evaluation

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

Removal

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

Retirement

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

Section IV

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

General

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

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

a) Fixed pay: The Whole-time Director / Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.

b) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Long-term rewards: The long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organisation. These rewards could be in the form / nature of stock options and are based on level of employees and their criticality.

d) Provisions for excess remuneration: If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission: The remuneration / commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.

b) Sitting Fees: The Non- Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.

c) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

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

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

* Revised from US $ 5000 to US $ 6000 with effect from January 21, 2016
# Revised from US $ 2000 to US $ 3000 with effect from January 21, 2016

Amendments and Updates

The Nomination and Remuneration Committee periodically shall review this policy and may recommend amendments to this policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules made thereunder would prevail over the policy.

For and on behalf of the Board

Bengaluru
April 27, 2017

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Annexure 5 - Particulars of contracts/arrangements made with related parties

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

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

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Not applicable since there were no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2017 which were not at arms length basis.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	Date(s) of approval by the Board, if any	
g.	Amount paid as advances, if any	
h.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Not applicable since there were no material contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2017.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Date(s) of approval by the Board, if any	
f.	Amount paid as advances, if any	

For and on behalf of the Board

Bengaluru
April 27, 2017

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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Annexure 6 - Conservation of energy, technology absorption, foreign exchange earnings and outgo

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

A. Conservation of energy

i)	The steps taken or impact on conservation of energy	Power consumption for FY17 was 179 mn units as against 161 mn units in FY16 on account of increased consumption of 11% YOY. While the unit consumption increased, total energy cost reduced by 6% (₹ 1,456 mn in FY17 from ₹ 1,551 mn in FY16). The reduction in overall energy cost was attributable to procurement of power from alternate sources.
ii)	The steps taken by the Company for utilizing alternate source of energy	The Company has started procuring wind power from October 2016. Total wind power procured in FY17 is ₹ 43 mn units and corresponding reduction in C02 emission is approx. 35,000 Tons.
iii)	The Capital investment on energy conservation equipments	₹ 9.3 mn

Sl. No.	Power and fuel consumption details	FY 17	FY 16
1	**Electricity**		
a	Purchased		
	Million Units	168	145
	Total amount in ₹ mn	930	894
	Rate / Unit (₹)	5.5	6.2
b	Captive generation		
	HSD Quantity, KL	3,300	4,674
	Million Units	11	16
	Units / Litre	3.4	3.4
	Cost / Litre (₹)	34.3	41.8
	Generation cost, Rate / Unit (₹)	9.9	12.4
2	**Steam**		
a	Furnace oil		
	Quantity, KL	15,302	14,262
	Total amount (₹ mn)	413	463
	Average rate	27.0	32.4

Sl. No.	Energy conservation measures	Investment (₹ mn)	Energy saved per Annum	
			Units	Amount (₹ mn)
1	Conversion of conventional motors with energy efficient motors	9.3	9,50,000	5.4
2	Conversion of CFL lights into energy efficient LED lights.			
3	Installation of energy efficient brine chiller			
4	Optimisation of HVAC system at BRC			

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

B. Technology Absorption

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

Research and Development

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

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

Benefits derived as a result of R&D activities

1. Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets.
2. Rich pipeline of Generic Small Molecules catering to varied therapeutic areas.
3. Internationally competitive prices and product quality.
4. Established intellectual property with 1,286 Patents/ PCT applications filed in Indian and International markets. The Company has been granted 1,053 patents in various jurisdictions.
5. Safe and environment friendly processes.
6. First ANDA molecule approval is received.

Future Plan of Action

1. Strategic collaborations for increased speed and cost competitiveness in Drug discovery.
2. In-house R&D scale up of generic formulations.
3. Collaborate with global Academia and Industry to build value & visibility to the portfolio.

Expenditure incurred on Research & Development

In ₹ Million

		FY 17	FY 16
a)	Capital	250	35
b)	Recurring	1,461	1,480
	Total	1,711	1,515
	Less: recharge	(4)	(48)
	Net R&D expenses	1,707	1,467

C. Foreign Exchange Earnings and Outgo

In ₹ Million

Foreign exchange earned and used during the year:	FY17	FY16
Gross earnings	12,988	11,614
Outflow	7,899	8,182
Net foreign exchange earnings	5,090	3,432

For and on behalf of the Board

Bengaluru
April 27, 2017

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Annexure 7 - Secretarial audit report for the financial year ended March 31, 2017

[Pursuant to sub section (1) of Section 204 of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
BIOCON LIMITED
Bengaluru

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2017 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the Audit Period);

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable to the Company during the Audit Period);

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);

   i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(vi) Other Laws Applicable Specifically to the Company namely:

   a. Drugs and Cosmetics Act, 1940

   b. Bio Medical Waste (Management & Handling) Rules, 1998

   c. ICH Guidelines(this is the base on which US FDA/ EU Guidelines etc. are created on).

   d. UCPMP (Currently voluntary – however proposed to be made mandatory).

   e. National Biodiversity Act 2002

   f. Drugs & Magical Remedies(Objectionable Advertisements) Rules, 1955

   g. Narcotic Drugs and Psychotropic substance Act.

We have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the compliance reports/ certificates of the Chief Executive Officer (CEO) of the company which were taken on record by the Board of Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For **V. SREEDHARAN & ASSOCIATES**
Company Secretaries

Pradeep B. Kulkarni
Partner
FCS: 7260; CP No. 7835

Bengaluru
April 24, 2017

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Annexure 8 – Particulars of Remuneration

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

Sl. No.	Name of the Director/Key Managerial Personnel and Designation	Remuneration of Director / Key Managerial Personnel for the year ended March 31, 2017 (₹ million)	Percentage increase in remuneration of each Director/CFO/CS in the FY 2016-17	Ratio of the remuneration of each Director to the median remuneration of the employees
1	Ms Kiran Mazumdar Shaw *Chairperson & Managing Director*	20.37	27%	49.8
2	Mr John Shaw *Vice Chairman*	17.23	10%	42.1
3	Mr Arun Chandavarkar *CEO & Joint Managing Director*	33.04	7%	80.8
4	Ms. Mary Harney *Independent Director*	2.81	14%	6.9
5	Mr. Russell Walls *Independent Director*	3.75	5%	9.2
6	Mr. Daniel M Bradbury *Independent Director*	2.21	0%	5.4
7	Dr. Jeremy M Levin *Independent Director*	3.22	24%	7.9
8	Dr. Vijay Kumar Kuchroo *Independent Director*	2.14	13%	5.2
9	Mr. M. Damodaran *Independent Director*	1.95	NA	4.8
10	Mr Siddharth Mittal *Chief Financial Officer*	19.65	25%	NA
11	Mr. Rajiv Balakrishnan* *Company Secretary*	0.77	NA	NA
12	Mr Kiran Kumar* *Company Secretary*	6.55	7%	NA

*Mr. Rajiv Balakrishnan was appointed as the Company Secretary effective January 24, 2017 in place of Mr. Kiran Kumar. G who relinquished the post on December 15, 2016 and hence their remuneration is disclosed only for the period of them holding the title.

Note: Remuneration of the Independent Directors is excluding sitting fees. The above remuneration does not include perquisite value on account of stock options exercised during the year.

I	Percentage increase / (decrease) in median remuneration of employees in the financial year	The median remuneration of employees increased from ₹ 369,820 to ₹ 408,871, representing an increase of 11%. While computing the increase in median remuneration, the employees considered are employees as at March 31, 2017 and as at March 31, 2016.
II	Number of permanent employees on the rolls of the Company	There were 4,832 permanent employees as at March 31, 2017.
III	Average percentile increase in salaries of employees other than managerial personnel and its comparison with the percentile increase in managerial remuneration and justification thereof	The average increase in employee remuneration other than managerial personnel was 17.8%, which has been marginally higher than that for managerial personnel. The increase in managerial remuneration is in line with the measures to attract and retain the best talent. The Company also uses a mix of fixed, variable and ESOP based compensation on a mid-to-long term basis to align middle and senior management compensation to enhance shareholder values.

It is hereby affirmed that the remuneration paid for the financial year 2016-17 was as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board

Bengaluru
April 27, 2017

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Annexure 9 - Annual report on Corporate Social Responsibility activities for the financial year 2016-17

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

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

Your Company's CSR activities are implemented through:

- Biocon Foundation – Works towards the development and implementation of healthcare, education and infrastructure projects for the marginalized sections of society.
- Biocon Academy- Aims to address the skill deficit in the biotechnology space.
- External partners- Partner with reliable CSR players who work towards the development of society.

The CSR Vision of the Company is:

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

Please refer http://www.biocon.com/biocon_csr_about_policy.asp for more details related to the Company's CSR Policy.

CSR Committee

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

The members of the CSR Committee are:

a) Ms. Mary Harney, Chairperson

b) Dr. Vijay Kumar Kuchroo

c) Prof. Ravi Mazumdar

Financial details

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

Particulars	In ₹ Million
Average net profit before tax of the Company for last three financial years	4,501
Prescribed CSR expenditure (2% of the average net profit as computed above)	90
Details of CSR spent during the financial year 2016-17:	
Total amount to be spent for the financial year	90
Total amount spent	90
Amount unspent, if any	Nil

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

In ₹ Million

Sl. No.	CSR project / program name	Sector	Location of project/ program (District & State)	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct/ through external agency
(i)	Expenditure on Projects & Programs						
1	ARY Primary Healthcare Clinics	Healthcare and medical facilities	Karnataka - At nine Arogya Raksha Yojana Primary Healthcare Outpatient Clinics	12.76	12.64	12.64	Biocon Foundation
2	Cancer Screening Program	Healthcare and medical facilities	Various districts in Karnataka	3.43	2.98	2.98	Biocon Foundation
3	E-Health - Rajasthan & Karnataka	Healthcare and medical facilities	Rajasthan & Karnataka	12.74	15.13	15.13	Direct and Biocon Foundation
4	Project One	Clean drinking water and Rain water harvesting	Bengaluru (Huskur), Karnataka	1.30	0.76	0.76	Biocon Foundation
5.	Lake development project	Rural development	Hebbagudi, Bengaluru, Karnataka	4.06	2.40	2.40	Biocon Foundation
6	Rural development project	Rural development	Karnataka	9.13	8.49	8.49	Biocon Foundation
7	International School of Business	Improving quality of education	Hyderabad, Telangana	3.25	3.25	3.25	Biocon Foundation
8	Grant to NGO	Healthcare and medical facilities	Karnataka, Telengana	4.87	4.27	4.27	Biocon Foundation
9	Biotechnology training	Improving quality of education	Bengaluru, Karnataka	34.87	30.93	30.93	Biocon Academy
10	Contribution to Biocon Foundation	Funding of activities under the approved CSR programmes	Bengaluru, Karnataka	-	3.37	3.37	Biocon Foundation
(ii)	Administrative expenses						
1	All projects excluding Sl. No. 10 above	Office expenses	Bengaluru, Karnataka	3.63	5.82	5.82	Biocon Foundation
				90.04	90.04	90.04	

Responsibility Statement

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

For and on behalf of the Board

Bengaluru
April 27, 2017

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Mary Harney
Chairperson - CSR Committee

Annexure 10 - Extract of Annual Return as on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014- Form MGT-09]

I. Registration and other details:

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

II. Principal Business activities of the Company:

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

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary	% of shares held	Applicable Section
1	Syngene International Limited	L85110KA1993PLC014937	Subsidiary	73.54% *	2(87)
2	Biocon Research Limited	U73100KA2008PLC046583	Subsidiary	100%	2(87)
3	Biocon Pharma Limited	U24232KA2014PLC077036	Subsidiary	100%	2(87)
4	Biocon Biologics India Limited	U24119KA2016FLC093936	Subsidiary	100%	2(87)
5	Biocon Academy	U80301KA2013NPL072272	Subsidiary	100%	2(87)
6	Biocon SA	NA	Subsidiary	100%	2(87)
7	Biocon SDN. BHD	NA	Subsidiary	100%	2(87)
8	Biocon Biologics Limited	NA	Subsidiary	100%	2(87)
9	Biocon Pharma Inc	NA	Subsidiary	100%	2(87)
10	Biocon FZ LLC	NA	Subsidiary	100%	2(87)
11	Neo Biocon FZ LLC	NA	Associate	49%	2(6)

*including 0.93% held by Biocon Research Limited

IV. Share holding Pattern (equity share capital breakup as percentage of total equity)

1. Category-wise Shareholding

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 31/03/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individual/HUF	79838266	-	79838266	39.92	79766766	-	79766766	39.88	0.04
(b)	Central Govt/State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (A1)	**79838266**	**-**	**79838266**	**39.92**	**79766766**	**-**	**79766766**	**39.88**	**0.04**

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 31/03/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	2058986	-	2058986	1.03	2058986	-	2058986	1.03	0.00
(b)	Bodies Corporate	39535194	-	39535194	19.77	39535194	-	39535194	19.77	0.00
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2)	41594180	-	41594180	20.80	41594180	-	41594180	20.80	0.00
	Total A=A(1)+A(2)	121432446	-	121432446	60.72	121360946	-	121360946	60.68	0.04
(B)	Public Shareholding									
(1)	INSTITUTIONS									
(a)	Mutual Funds/UTI	5647569	-	5647569	2.82	4296869	-	4296869	2.15	0.68
(b)	Financial Institutions/Banks	5044830	-	5044830	2.52	2429062	-	2429062	1.21	1.31
(c)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	27264626	-	27264626	13.63	35427957	-	35427957	17.71	4.08
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1)	37957025	-	37957025	18.98	42153888	-	42153888	21.08	2.10
(2)	Non-Institutions									
(a)	Bodies Corporate	2889920	-	2889920	1.44	4099910	-	4099910	2.05	0.60
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	15649334	23468	15672802	7.84	13860069	24064	13884133	6.94	-0.89
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	11291220	-	11291220	5.65	8184669	-	8184669	4.09	1.55
(c)	Others									
	Clearing Members	138067	-	138067	0.07	127359	-	127359	0.06	0.01
	Foreign Nationals	459818	289902	749720	0.37	450818	264434	715252	0.36	0.02
	Non Resident Indians	1358428	172394	1530822	0.77	1296201	172394	1468595	0.73	0.03
	NRI Non-Repatriation	-	-	-	-	193072	-	193072	0.10	0.10
	Employees ESOP Trust	3876828	-	3876828	1.94	3529870	-	3529870	1.76	-0.17
	TRUSTS	4461150	-	4461150	2.23	4282306	-	4282306	2.14	0.09
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2)	40124765	485764	40610529	20.31	36024274	460892	36485166	18.24	-2.06
	Total B=B(1)+B(2)	78081790	485764	78567554	39.28	78178162	460892	78639054	39.32	0.04
	Total (A+B) :	199514236	485764	200000000	100.00	199539108	460892	200000000	100.00	-
(C)	Shares held by custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	199514236	485764	200000000	100.00	199539108	460892	200000000	100.00	-

2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Kiran Mazumdar-Shaw	79287564	39.64	-	79287564	39.64	-	-
2	Glentec International Limited	39535194	19.77	-	39535194	19.77	-	-
3	John Shaw	1407558	0.70	-	1407558	0.70	-	-
4	Ravi Rasandra Mazumdar	565014	0.28	-	565014	0.28	-	-
5	Yamini R Mazumdar	550702	0.28	0.03	479202	0.24	0.03	0.04
6	Dev Mazumdar	86414	0.04	-	86414	0.04	-	-
	Total	**121432446**	**60.72**	**0.03**	**121360946**	**60.68**	**0.03**	**0.04**

3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	KIRAN MAZUMDAR-SHAW				
	At the beginning of the year	79287564	39.64	79287564	39.64
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	79287564	39.64
2.	GLENTEC INTERNATIONAL				
	At the beginning of the year	39535194	19.77	39535194	19.77
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	39535194	19.77
3.	JOHN SHAW				
	At the beginning of the year	1407558	0.70	1407558	0.70
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	1407558	0.70
4.	RAVI RASENDRA MAZUMDAR				
	At the beginning of the year	565014	0.28	565014	0.28
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	565014	0.28
5.	YAMINI R MAZUMDAR				
	At the beginning of the year	550702	0.28	550702	0.28
	Increase /Decrease in shareholding during the year	(71500)	0.04	479202	0.24
	At the end of the year	-	-	479202	0.24
6.	DEV MAZUMDAR				
	At the beginning of the year	86414	0.04	86414	0.04
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the end of the year	-	-	86414	0.04

4. Shareholding pattern of top ten shareholders (other than Director, Promoter and holders of GDRs and ADRs)

1. FRANKLIN TEMPLETON INVESTMENT FUNDS

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of Shares	% of total shares of the Company
At the beginning of the year 01/04/2016		6048588	3.02		6048588	3.02
22/04/2016	Decrease/Sold			-96956	5951632	2.98
03/06/2016	Decrease/Sold			-192686	5758946	2.88
10/06/2016	Decrease/Sold			-423500	5335446	2.67
17/06/2016	Decrease/Sold			-58283	5277163	2.64
30/06/2016	Decrease/Sold			-127000	5150163	2.58
01/07/2016	Decrease/Sold			-84500	5065663	2.53
08/07/2016	Decrease/Sold			-65242	5000421	2.50
15/07/2016	Decrease/Sold			-2500	4997921	2.50
29/07/2016	Decrease/Sold			-122546	4875375	2.44
05/08/2016	Decrease/Sold			-23657	4851718	2.43
12/08/2016	Decrease/Sold			-343618	4508100	2.25
19/08/2016	Decrease/Sold			-286717	4221383	2.11
26/08/2016	Decrease/Sold			-112407	4108976	2.05
21/10/2016	Decrease/Sold			-142584	3966392	1.98
02/12/2016	Decrease/Sold			-141260	3825132	1.91
09/12/2016	Decrease/Sold			-76233	3748899	1.87
16/12/2016	Decrease/Sold			-55560	3693339	1.85
23/12/2016	Decrease/Sold			-76136	3617203	1.81
06/01/2017	Decrease/Sold			-144345	3472858	1.74
13/01/2017	Decrease/Sold			-44856	3428002	1.71
03/03/2017	Decrease/Sold			-7293	3420709	1.71
At the End of the Year 31/03/2017					3420709	1.71

2. OPPENHEIMER DEVELOPING MARKETS FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of Shares	% of total shares of the Company
At the beginning of the year 01/04/2016		0	0.00		0	0.00
21/10/2016	Increase/Bought			438196	438196	0.22
28/10/2016	Increase/Bought			358524	796720	0.40
04/11/2016	Increase/Bought			438395	1235115	0.62
11/11/2016	Increase/Bought			892326	2127441	1.06
18/11/2016	Increase/Bought			212682	2340123	1.17
25/11/2016	Increase/Bought			490655	2830778	1.42
02/12/2016	Increase/Bought			454232	3285010	1.64
09/12/2016	Increase/Bought			392417	3677427	1.84
16/12/2016	Increase/Bought			318685	3996112	2.00
23/12/2016	Increase/Bought			34166	4030278	2.02
13/01/2017	Increase/Bought			272033	4302311	2.15
03/02/2017	Increase/Bought			80450	4382761	2.19
At the End of the Year 31/03/2017					4382761	2.19

3. LIFE INSURANCE CORPORATION OF INDIA

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		3707822	1.85		3707822	1.85
08/04/2016	Decrease/Sold			-25000	3682822	1.84
22/04/2016	Decrease/Sold			-137355	3545467	1.77
29/04/2016	Decrease/Sold			-556571	2988896	1.49
06/05/2016	Decrease/Sold			-472117	2516779	1.26
13/05/2016	Decrease/Sold			-459591	2057188	1.03
20/05/2016	Decrease/Sold			-110654	1946534	0.97
27/05/2016	Decrease/Sold			-76818	1869716	0.93
10/06/2016	Decrease/Sold			-15000	1854716	0.93
17/06/2016	Decrease/Sold			-20000	1834716	0.92
24/06/2016	Decrease/Sold			-29775	1804941	0.90
08/07/2016	Decrease/Sold			-55561	1749380	0.87
09/09/2016	Decrease/Sold			-12640	1736740	0.87
At the End of the Year 31/03/2017					1736740	0.87

4. TEMPLETON DEVELOPING MARKETS TRUST

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		2497396	1.25		2497396	1.25
03/06/2016	Decrease/Sold			-33500	2463896	1.23
10/06/2016	Decrease/Sold			-147500	2316396	1.16
17/06/2016	Decrease/Sold			-89322	2227074	1.11
30/06/2016	Decrease/Sold			-152000	2075074	1.04
01/07/2016	Decrease/Sold			-5000	2070074	1.04
08/07/2016	Decrease/Sold			-7500	2062574	1.03
15/07/2016	Decrease/Sold			-5500	2057074	1.03
29/07/2016	Decrease/Sold			-313500	1743574	0.87
05/08/2016	Decrease/Sold			-61007	1682567	0.84
21/10/2016	Decrease/Sold			-306219	1376348	0.69
13/01/2017	Decrease/Sold			-58727	1317621	0.66
03/03/2017	Decrease/Sold			-15200	1302421	0.65
At the End of the Year 31/03/2017					1302421	0.65

5. RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCEPHARM

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		2452018	1.23		2452018	1.23
15/04/2016	Decrease/Sold			-18700	2433318	1.22
22/04/2016	Decrease/Sold			-13200	2420118	1.21
06/05/2016	Decrease/Sold			-107800	2312318	1.16
27/05/2016	Decrease/Sold			-100000	2212318	1.11
17/06/2016	Increase/Bought			19800	2232118	1.12
24/06/2016	Decrease/Sold			-13200	2218918	1.11
30/06/2016	Decrease/Sold			-6600	2212318	1.11
08/07/2016	Decrease/Sold			-15000	2197318	1.10
15/07/2016	Decrease/Sold			-385000	1812318	0.91
22/07/2016	Increase/Bought			20900	1833218	0.92
22/07/2016	Decrease/Sold			-600000	1233218	0.62
29/07/2016	Decrease/Sold			-33000	1200218	0.60
05/08/2016	Increase/Bought			58300	1258518	0.63
19/08/2016	Increase/Bought			15400	1273918	0.64
26/08/2016	Increase/Bought			166100	1440018	0.72
02/09/2016	Increase/Bought			99000	1539018	0.77
09/09/2016	Decrease/Sold			-6600	1532418	0.77
16/09/2016	Decrease/Sold			-50600	1481818	0.74
23/09/2016	Decrease/Sold			-1100	1480718	0.74
07/10/2016	Decrease/Sold			-11000	1469718	0.73
14/10/2016	Decrease/Sold			-100000	1369718	0.68
21/10/2016	Decrease/Sold			-167200	1202518	0.60
28/10/2016	Increase/Bought			19800	1222318	0.61
28/10/2016	Decrease/Sold			-200000	1022318	0.51
04/11/2016	Decrease/Sold			-101100	921218	0.46
11/11/2016	Decrease/Sold			-321218	600000	0.30
02/12/2016	Increase/Bought			11000	611000	0.31
09/12/2016	Decrease/Sold			-11000	600000	0.30
24/02/2017	Increase/Bought			3000	603000	0.30
03/03/2017	Increase/Bought			153600	756600	0.38
03/03/2017	Decrease/Sold			-505673	250927	0.13
10/03/2017	Increase/Bought			199800	450727	0.23
10/03/2017	Decrease/Sold			-94327	356400	0.18
17/03/2017	Decrease/Sold			-21600	334800	0.17
31/03/2017	Decrease/Sold			-3000	331800	0.17
At the End of the Year 31/03/2017					331800	0.17

6. MURALI KRISHNAN K N

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		2120342	1.06		2120342	1.06
17/03/2017	Increase/Bought			2100342	4220684	2.11
17/03/2017	Decrease/Sold			-2100342	2120342	1.06
31/03/2017	Decrease/Sold			-2000000	120342	0.06
At the End of the Year 31/03/2017					120342	0.06

7. SWISS FINANCE CORPORATION (MAURITIUS) LIMITED

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		1961900	0.98		1961900	0.98
08/04/2016	Increase/Bought			58479	2020379	1.01
15/04/2016	Increase/Bought			101774	2122153	1.06
22/04/2016	Increase/Bought			51493	2173646	1.09
29/04/2016	Increase/Bought			40535	2214181	1.11
06/05/2016	Decrease/Sold			-148435	2065746	1.03
13/05/2016	Increase/Bought			161199	2226945	1.11
20/05/2016	Increase/Bought			33501	2260446	1.13
27/05/2016	Increase/Bought			24099	2284545	1.14
03/06/2016	Increase/Bought			38500	2323045	1.16
10/06/2016	Increase/Bought			88768	2411813	1.21
17/06/2016	Increase/Bought			221212	2633025	1.32
24/06/2016	Increase/Bought			47731	2680756	1.34
30/06/2016	Decrease/Sold			-137026	2543730	1.27
08/07/2016	Decrease/Sold			-1566	2542164	1.27
15/07/2016	Increase/Bought			4400	2546564	1.27
22/07/2016	Increase/Bought			5500	2552064	1.28
29/07/2016	Decrease/Sold			-257577	2294487	1.15
05/08/2016	Increase/Bought			85518	2380005	1.19
12/08/2016	Increase/Bought			25097	2405102	1.20
19/08/2016	Increase/Bought			11100	2416202	1.21
26/08/2016	Decrease/Sold			-670411	1745791	0.87
02/09/2016	Increase/Bought			3906	1749697	0.87
09/09/2016	Decrease/Sold			-160668	1589029	0.79
16/09/2016	Decrease/Sold			-289555	1299474	0.65
23/09/2016	Increase/Bought			39600	1339074	0.67
30/09/2016	Decrease/Sold			-84690	1254384	0.63
07/10/2016	Decrease/Sold			-86840	1167544	0.58
14/10/2016	Decrease/Sold			-134893	1032651	0.52
21/10/2016	Decrease/Sold			-48206	984445	0.49
28/10/2016	Increase/Bought			38500	1022945	0.51
04/11/2016	Decrease/Sold			-2200	1020745	0.51
11/11/2016	Decrease/Sold			-222793	797952	0.40
18/11/2016	Decrease/Sold			-27069	770883	0.39
25/11/2016	Decrease/Sold			-22782	748101	0.37
02/12/2016	Increase/Bought			9524	757625	0.38
16/12/2016	Decrease/Sold			-38718	718907	0.36
23/12/2016	Decrease/Sold			-51793	667114	0.33
30/12/2016	Increase/Bought			19800	686914	0.34
06/01/2017	Increase/Bought			110000	796914	0.40
13/01/2017	Decrease/Sold			-51540	745374	0.37
20/01/2017	Decrease/Sold			-37819	707555	0.35
27/01/2017	Decrease/Sold			-16174	691381	0.35
10/02/2017	Decrease/Sold			-3600	687781	0.34
17/02/2017	Decrease/Sold			-2400	685381	0.34
24/02/2017	Increase/Bought			8431	693812	0.35
17/03/2017	Increase/Bought			4800	698612	0.35
24/03/2017	Increase/Bought			5400	704012	0.35
31/03/2017	Increase/Bought			600	704612	0.35
At the End of the Year 31/03/2017					704612	0.35

8. NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		0	0.00		0	0.00
29/07/2016	Increase/Bought			835019	835019	0.42
05/08/2016	Increase/Bought			114981	950000	0.48
23/12/2016	Increase/Bought			182173	1132173	0.57
27/01/2017	Increase/Bought			58608	1190781	0.60
03/02/2017	Increase/Bought			250889	1441670	0.72
10/02/2017	Increase/Bought			288099	1729769	0.86
31/03/2017	Increase/Bought			40618	1770387	0.89
At the End of the Year 31/03/2017					1770387	0.89

9. ICICI PRUDENTIAL EQUITY ARBITRAGE FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		149600	0.07		149600	0.07
22/04/2016	Increase/Bought			96800	246400	0.12
22/04/2016	Decrease/Sold			-96800	149600	0.07
06/05/2016	Decrease/Sold			-19800	129800	0.06
13/05/2016	Decrease/Sold			-7700	122100	0.06
03/06/2016	Decrease/Sold			-62700	59400	0.03
30/06/2016	Increase/Bought			163681	223081	0.11
01/07/2016	Increase/Bought			66713	289794	0.14
08/07/2016	Increase/Bought			90745	380539	0.19
15/07/2016	Increase/Bought			370244	750783	0.38
12/08/2016	Increase/Bought			698550	1449333	0.72
19/08/2016	Increase/Bought			58866	1508199	0.75
16/09/2016	Increase/Bought			102603	1610802	0.81
30/09/2016	Decrease/Sold			-59400	1551402	0.78
07/10/2016	Increase/Bought			2200	1553602	0.78
14/10/2016	Increase/Bought			41800	1595402	0.80
28/10/2016	Increase/Bought			95700	1691102	0.85
28/10/2016	Decrease/Sold			-74863	1616239	0.81
25/11/2016	Decrease/Sold			-9900	1606339	0.80
02/12/2016	Increase/Bought			196112	1802451	0.90
23/12/2016	Decrease/Sold			-129800	1672651	0.84
13/01/2017	Increase/Bought			119400	1792051	0.90
13/01/2017	Decrease/Sold			-146744	1645307	0.82
27/01/2017	Decrease/Sold			-11039	1634268	0.82
10/02/2017	Decrease/Sold			-46804	1587464	0.79
03/03/2017	Decrease/Sold			-66486	1520978	0.76
At the End of the Year 31/03/2017					1520978	0.76

10. CREDIT SUISSE (SINGAPORE) LIMITED

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year 01/04/2016		Increase/ Decrease in shareholding	Cumulative Shareholding during the Year 31/03/2017	
		No of Shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the year 01/04/2016		316163	0.16			
08/04/2016	Decrease/Sold			-6009	310154	0.16
15/04/2016	Increase/Bought			85091	395245	0.20
22/04/2016	Increase/Bought			261762	657007	0.33
29/04/2016	Decrease/Sold			-22577	634430	0.32
06/05/2016	Increase/Bought			138726	773156	0.39
13/05/2016	Increase/Bought			311973	1085129	0.54
20/05/2016	Increase/Bought			121447	1206576	0.60
27/05/2016	Increase/Bought			111098	1317674	0.66
03/06/2016	Increase/Bought			90779	1408453	0.70
10/06/2016	Increase/Bought			55576	1464029	0.73
17/06/2016	Increase/Bought			31847	1495876	0.75
24/06/2016	Increase/Bought			9314	1505190	0.75
30/06/2016	Decrease/Sold			-1537	1503653	0.75
01/07/2016	Decrease/Sold			-1100	1502553	0.75
08/07/2016	Increase/Bought			59475	1562028	0.78
15/07/2016	Increase/Bought			2828	1564856	0.78
29/07/2016	Increase/Bought			24157	1589013	0.79
05/08/2016	Increase/Bought			54963	1643976	0.82
12/08/2016	Increase/Bought			58931	1702907	0.85
19/08/2016	Increase/Bought			18775	1721682	0.86
26/08/2016	Decrease/Sold			-19200	1702482	0.85
02/09/2016	Increase/Bought			63125	1765607	0.88
09/09/2016	Decrease/Sold			-26887	1738720	0.87
16/09/2016	Decrease/Sold			-230	1738490	0.87
23/09/2016	Increase/Bought			29902	1768392	0.88
30/09/2016	Decrease/Sold			-10682	1757710	0.88
07/10/2016	Decrease/Sold			-31406	1726304	0.86
14/10/2016	Decrease/Sold			-18160	1708144	0.85
21/10/2016	Decrease/Sold			-15332	1692812	0.85
28/10/2016	Decrease/Sold			-1100	1691712	0.85
04/11/2016	Decrease/Sold			-43	1691669	0.85
18/11/2016	Decrease/Sold			-11000	1680669	0.84
25/11/2016	Decrease/Sold			-33000	1647669	0.82
02/12/2016	Increase/Bought			19602	1667271	0.83
09/12/2016	Increase/Bought			15988	1683259	0.84
16/12/2016	Decrease/Sold			-21728	1661531	0.83
23/12/2016	Decrease/Sold			-257447	1404084	0.70
30/12/2016	Decrease/Sold			-35700	1368384	0.68
06/01/2017	Increase/Bought			120800	1489184	0.74
13/01/2017	Increase/Bought			100344	1589528	0.79
20/01/2017	Decrease/Sold			-61682	1527846	0.76
27/01/2017	Decrease/Sold			-35735	1492111	0.75
03/02/2017	Increase/Bought			10439	1502550	0.75
10/02/2017	Decrease/Sold			-70800	1431750	0.72
10/03/2017	Decrease/Sold			-300	1431450	0.72
17/03/2017	Increase/Bought			41392	1472842	0.74
31/03/2017	Increase/Bought			12850	1485692	0.74
At the End of the Year 31/03/2017					1485692	0.74

V. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total share of the Company
1	KIRAN MAZUMDAR-SHAW				
	At the beginning of the year	79287564	39.64	79287564	39.64
	Increase /Decrease in shareholding during the year	-	-		
	At the End of the year	-	-	79287564	39.64
2	JOHN SHAW				
	At the beginning of the year	1407558	0.70	1407558	0.70
	Increase /Decrease in shareholding during the year	-	-		
	At the End of the year	-	-	1407558	0.70
3	ARUN SURESH CHANDAVARKAR				
	At the beginning of the year	2200000	1.10	2200000	1.10
	Increase /Decrease in shareholding during the year	-	-		
	At the End of the year	-	-	2200000	1.10
4	RAVI RASENDRA MAZUMDAR				
	At the beginning of the year	565014	0.28	565014	0.28
	Increase /Decrease in shareholding during the year	-	-		
	At the End of the year	-	-	565014	0.28
5	SIDDHARTH MITTAL				
	At the beginning of the year	-	-	-	-
	Increase /Decrease in shareholding during the year	7750	0.00	7750	0.00
	At the End of the year	-	-	7750	0.00
6	RAJIV BALAKRISHNAN				
	At the beginning of the year	-	-	-	-
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	-	-
7	KIRAN KUMAR G.				
	At the beginning of the year	-	-	-	-
	Increase /Decrease in shareholding during the year	-	-	-	-
	At the End of the year	-	-	-	-

5. Indebtedness

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

In ₹ Million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,328	2,367	-	3,696
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,328**	**2,367**	**-**	**3,696**
Change in Indebtedness during the financial year				
- Addition	-	501	-	501
- Reduction	32	2,830	-	2,862
Net Change	**(32)**	**(2,329)**	**-**	**(2,361)**
Indebtedness at the end of the financial year				
i) Principal Amount	1,296	39	-	1,335
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1,296**	**39**	**-**	**1,335**

6. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager

In ₹ Million

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1.	Gross salary	Kiran Mazumdar Shaw (CMD)	John Shaw (WTD)	Arun S Chandavarkar (CEO & Jt. MD)	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	20.34	17.20	33.01	70.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.03	0.03	0.09
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option*	-	-	3.30	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify				
	Others, please specify				
5.	Total (A)	20.37	17.23	36.34	73.94
	Ceiling as per the Act				544.87

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

B. Remuneration to other directors:

In ₹ Million

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	Russell walls	Daniel M Bradbury	Jeremy M Levin	Mary Harney	Vijay K Kuchroo	Damodaran	
	• Fee for attending Board/Committee meetings	0.40	0.40	0.40	0.40	0.30	0.40	2.30
	• Commission	3.75	2.21	3.22	2.81	2.14	1.95	16.08
	• Others, please specify							
	Total (1)	4.15	2.61	3.62	3.21	2.44	2.35	18.38
2.	Other Non-Executive Directors	Ravi Mazumdar						
	• Fee for attending board committee meetings	0.40						0.40
	• Commission							
	• Others, please specify							
	Total (2)	0.40						0.40
	Total (B)=(1+2)							18.78
	Total Managerial Remuneration (A+B)							89.42
	Overall Ceiling as per the Act							54.49

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

In ₹ Million

Sl. No.	Particulars	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.62	7.29	26.91
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.03	0.06
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option*	6.31	-	6.31
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total	25.96	7.32	33.28

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

Note:

1. Remuneration of CEO is not included above, since he is Joint Managing Director and his details are already included in Section (A) above.
2. Remuneration of Company Secretary includes remuneration paid during the year to both Mr. Kiran Kumar. G and Mr. Rajiv Balakrishnan for the period of them holding the title.

7. Penalties/ Punishment/ Compounding of Offences:

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2017.

For and on behalf of the Board

Bengaluru
April 27, 2017

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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Management Discussion and Analysis

The global life science industry has fared well amidst the past economic downturns. In light of today's volatile marketplace, which is faced with economic, political and social challenges, this industry is faced with reform-driven pricing pressures and increased demand for value in innovation. Significant global unmet needs, aided by favourable demographic trends, make it likely that this industry would enjoy long term growth. Driven by the recent wave of innovative therapies approved by regulators, reports suggest that the global drug spending could reach $1.1 trillion by 2022.

Globally, spending on healthcare correlates well with general economic strength of a country. Given the high contribution of the USA, Russia, Brazil and China in global growth of healthcare spending, coupled with pricing pressures in the United States and the unstable economic conditions in large emerging markets have led to a slowdown in the global marketplace. Strict measures taken by the governments with regards to health care budgets and/ or reductions in out- of-pocket expenditures in these countries have impacted the spending. Aging populations, rise of chronic diseases and the introduction of innovative and frequently expensive treatments (e.g., for cancer and Hepatitis C) are some of the main factors, which would continue to drive growth in health care spending. However, many countries have taken steps to contain health care costs that includes price control, value-based pricing and reimbursement along with pro-generic and pro-biosimilar policies. Companies are responding to the current changing market dynamics and are trying to position themselves for continued growth through portfolio transformation, mergers and acquisitions (M&A), cost-cutting, sharpened focus on high-performing therapeutic areas (TAs) and on key geographic markets.

GLOBAL BIOLOGICS MARKET CONTINUES TO GROW

Growth of the pharmaceutical companies is driven by specialty products with a focus on personalized medicine, which includes biologic drugs. With increased number of biologics being approved as compared to non-biologics (synthetic molecules) in recent times, antibody drugs have become an increasingly significant component of the therapeutic landscape,. Antibodies exhibit very high specificity and selectivity, reducing risks of 'off-target' toxicity typical for synthetic molecules and enabling 'personalized' treatments'. Of the top 15 pharma drugs by sales in 2016, 10 drugs were biologics. (Figure 1).

Figure 1: Biologics comprised 10 of Top 15 drugs by Revenue in 2016

Sl. No.	Drug	Sponsor	Biologic (Y/N)	Sales 2016
1	Humira® (adalimumab)	AbbVie	Y	16.1
2	Harvoni® (ledipasvir 90 mg/sofosbuvir 400 mg)	Gilead Sciences	N	9.1
3	Enbrel® (etanercept)	Amgen /Pfizer	Y	8.9
4	Rituxan® (rituximab, MabThera)	Roche (Genentech) / Biogen	Y	8.6
5	Remicade® (infliximab)	Johnson & Johnson / Merck	Y	7.8
6	Revlimid® (lenalidomide)	Celgene	N	6.9
7	Avastin® (bevacizumab)	Roche (Genentech)	Y	6.8
8	Herceptin® (trastuzumab)	Roche (Genentech)	Y	6.8
9	Lantus® (insulin glargine)	Sanofi	Y	6.1
10	Prevnar 13® / Pneumococcal 13valent Conjugate Vaccine	Pfizer	Y	5.7
11	Xarelto/ rivaroxaban	Bayer/ Johnson & Johnson	N	5.4
12	Eylea/ aflibercept	Bayer/Regeneron	Y	5.0
13	Lyrica/pregabalin	Pfizer	N	4.9
14	Neulasta/ pegfilgrastim	Amgen / Kyowa Hakko Kirin	Y	4.7
15	Advair/fluticasone & salmeterol	GlaxoSmithKline	N	4.3

Source: Genetic Engineering & Biotechnology News (www.genengnews.com)

Driven by recent advances that have created much excitement in the industry (e.g. nivolumab, pembrolizumab, atezolizumab, ocrelizumab), oncology remains the most sought after therapeutic area followed by immunotherapy. Expanding waistlines across the globe will continue to see growth in the segment of anti-diabetic drugs and attract more research dollars. Over the past several years, biologics have made many new, ground breaking treatments possible and gained significant traction in the pharmaceutical industry as novel biologic blockbusters have continued to enter the market. Companies are increasingly focusing on narrow patient populations characterized by large unmet needs and easier market access. Estimates by Evaluate Pharma indicate that sales of biotechnology products, which stood at over $165 billion in revenue in 2013 are likely to go up to $337 billion by 2022 and comprise nearly 29% of the pharmaceutical market.

The above mentioned growth trends are expected to be offset by increased demand for generic drugs and biosimilars. WHO defines biosimilars as a biotherapeutic product, which is similar in terms of quality, safety, and efficacy to the already licensed reference biotherapeutic product. Given the high costs of biologic treatments, in the coming years, lower cost biosimilars should be instrumental in expanding access to populations who need these therapies but are unable to afford and have access to them. Analysts expect the worldwide biosimilars market to reach between $25 billion to $35 billion by 2020.

ACCESS AND AFFORDABILITY OF BIOLOGICAL DRUGS

The cost for access to advanced biologic therapies are paid for by different channels across the globe. From reimbursed markets that have a well-defined insurance payment mechanism to government funded healthcare to cash based (out-of-pocket) markets, the access of patients to biologic treatments have been defined accordingly.

The developed markets success is led by the United States where reimbursement is widely available through private insurance or Medicare (Federal health insurance program for people who are 65 or older and certain others) followed by the EU. Even in the developed markets, access to biologics is not uniform. Often, patients struggle to cope up with the cost of continued therapy. In emerging markets, biologics penetration has been sub-optimal, given the varied nature of payment mechanisms for drug coverage. Governments of emerging market countries are trending towards adoption of universal healthcare to promote well-being of their citizens and reduce out-of-pocket costs. Drugs provided may include biologics like human insulin, which are available at competitive prices but seldom include expensive drugs to treat cancer and chronic inflammatory conditions. Hence, access to biologics by patients might be severely limited in these markets as governments are unable to afford higher priced branded biologic therapies.

BIOSIMILARS LANDSCAPE

Biologics development is long, complex and expensive resulting in patients and payers buying drugs at a very high cost.. This has resulted in a large unmet need for more affordable alternatives in form of biosimilars to be made available to patients in different parts of the world.

To negate the effects of high pricing of drugs, we have seen an increase in biosimilar development activity globally. Developed markets have been a focus area for most biologics manufacturers. While emerging markets may not have attracted the level of attention the developed markets have incurred in biosimilar environment, these markets are poised to drive long term growth. Companies would require specific strategies to be successful in this segment. The key to success will vary based on the market chosen. Although each country's environment is unique, there are similarities in trends across the developed and emerging markets.

Given the need for significant investments of both capital and time required for biosimilar development, companies need to build the right conditions for success to be able to a get a fair return on those investments.

Figure 2: Biosimilar landscape - Summary of cross-country analysis

Variables (Ranked by importance)		Access to Affordable biologics Physical and financial ability to receive biologics	Regulatory Environment Presence of an abbreviated or dedicated pathway	Payer assessment and access Engagement and advocacy from payers in favour of biosimilars	Prescriber acceptance Willingness to prescribe biosimilar vs. reference molecule	Patient acceptance Patient attitude towards biosimilars	Biosimilars presence Number of approved biosimilars in the market
Developed	US	Large Access	In development	Low	Low	Low	0-5
	EU5	Large Access	Established	High	Medium	Medium	>10
	Japan	Large Access	Established	Medium	Low	Low	>10
BRICS	Brazil	Poor Access	Established	High	Medium	Medium	0-5
	Russia	Fragmented	In development	Low	Low	Medium	0-5
	India	Poor Access	Established	Low	Medium	Medium	>10
	China	Poor Access	In development	Medium	Medium	Low	0-5
	South Africa	Poor Access	Established	High	High	Medium	0-5
MIST	Mexico	Fragmented	Established	High	Low	Medium	0-5
	Indonesia	Poor Access	No	Medium	Medium	Low	0-5
	South Korea	Fragmented	Established	High	Medium	Medium	>10
	Turkey	Fragmented	Established	Low	Medium	Medium	6-10

Source: Deloitte: Winning with biosimilars, Opportunities in global markets

Developed Markets – As per Deloitte, the greatest biosimilar presence today (Figure 2) is seen in the developed markets led by the adoption seen in the EU countries. Markets such as the US, EU5, and Japan provide growth opportunities for biosimilars aided by the availability of better defined regulatory requirements for registration of biosimilar products and payers that are pushing to contain costs.

As witnessed in the EU markets, the adoption of biosimilars has been largely payer-driven (Figure 2), given the need to contain public health expenditures. Market uptake of these products has been varied across the EU with early physician scepticism and low patient awareness in certain markets, especially in southern Europe. With payers, which include governments in many instances, pro-actively promoting the use of biosimilars through education of patients and encouraging doctors to use lower cost alternatives to branded biologics, biosimilar manufacturers have tasted success. The recent success of infliximab in EU, more specifically the penetration levels seen in Nordic countries (~90%), is a good example. Pricing discounts have varied based on the level of penetration achieved in various markets with discounts of 25-30% seen in EU5 countries. These discounts may be higher in Eastern Europe, given the higher unmet need due to lack of sophisticated reimbursement mechanisms. In Nordic countries, where governments have promoted the use of biosimilars, we have witnessed much steeper discounts compared to either EU5 or Eastern Europe. This is an outcome of government tenders with guaranteed volumes and physicians' willingness to switch patients from the branded biologics to biosimilars.

In Japan, the government is pushing doctors and incentivising pharmacies to increase use of generics and biosimilars to treat its aging population, thereby helping control spiralling drug costs. Japan has traditionally been a branded market, so the process of adoption has been slow but encouraging from a long term perspective.

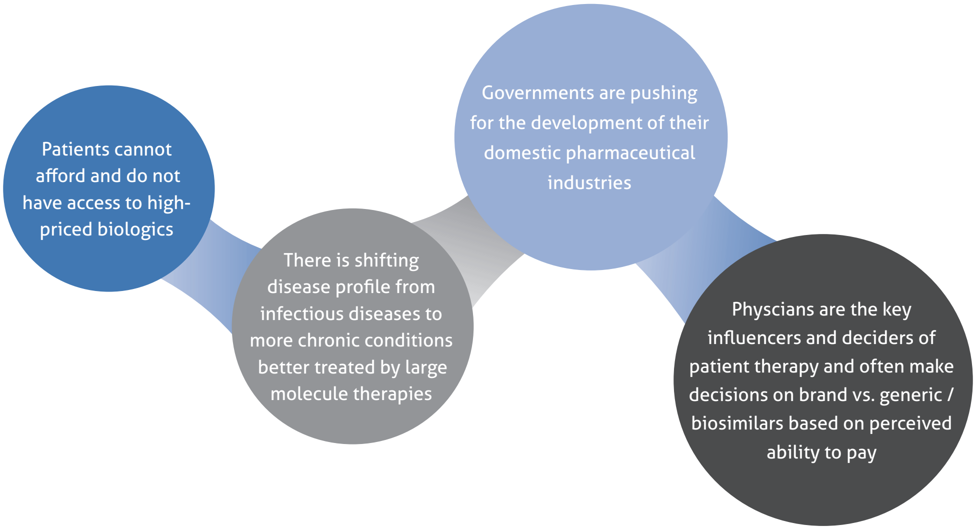
The United States market has been behind the rest of the world in adoption of biosimilars. There are still areas of regulatory policy, which are evolving. Some points include, 1) standards for interchangeability and pharmaceutical substitution, 2) extrapolation of indications, and 3) traceability of pharmacovigilance reports through naming conventions that permit differentiation of products. Recent commentary and actions at the payer and regulatory levels and increased political noise around drug pricing is very encouraging towards acceptance of biosimilars. There are currently two biosimilars and one generic insulin glargine commercially available in the US. Biosimilar filgrastim has achieved success having been launched in the market in Sep'15 while biosimilar infliximab was launched in Nov'16. Initial reports suggest that generic insulin glargine launched in Dec'16 has also been well accepted. Price discounts for the launched products are suggested to be in the range of 15-20%. Given that providing rebates to secure formulary access is common in the US, one would expect net discounts to be higher.

Given the high costs of development and long developmental times, there are inherent risks developers face. These includes change in standard of care, delays due to potential intellectual property lawsuits and commercial challenges to establish mainstream use of these drugs. Therefore commercial strategies for formulary placement, physician education and increased patient awareness coupled with smart navigation of the intellectual property landscape will be needed by companies to be successful in the developed markets (most notably, US) in the coming years. As analyst reports suggest, the pace of adoption may surprise the industry, once there are a few advanced biosimilars (from the current wave) approved and marketed in the United States.

Emerging Markets - While most companies would want to have presence in the developed markets, a considerable opportunity exists in emerging markets for biosimilars. These markets are characterized by poor physical and financial access to current high-priced branded biologics and provide favourable long term growth opportunities to biosimilar companies (Figure 2). In addition to favourable macroeconomic factors such as improving Gross Domestic Product (GDP) growth rates coupled with a growing middle class and increasing healthcare spending, there is strong focus on containing costs and increasing treatment access. Physicians would increase prescription rates if lower priced biosimilar alternatives were available. Further, many of these countries have biosimilar approval pathways in place or are finalizing guidelines. In many cases, the Intellectual Property landscape in these markets is less troublesome for biosimilar sponsors as compared to developed markets. Historically, emerging markets have seen very high penetration of generic drugs and similar trends could apply to biosimilars as well, signalling strong growth attainable for biosimilar manufacturers over the course of the next few years.

Each market would require a tailored approach due to regional, country and local complexities. The key to success would involve choosing the right markets with right therapeutic areas, which provide the greatest impact on the local population, keeping prices competitive to secure broad access, and partnering with local companies to overcome local resource and knowledge gap, getting access to local commercial capabilities, distribution networks and distinctive understanding of local stakeholders including prescribing physicians (Figure 3). Therefore, biosimilar players would have to grow sales, albeit at a lower margin than the developed markets, among an increasing affluent and health conscious population.

Figure 3: Key themes in emerging markets



Source: Deloitte: Winning with biosimilars, Opportunities in global markets

Conclusion: Regulatory framework governing requirements for biosimilar development continues to evolve globally. Requirement of large and expensive Phase 3 trials, which are currently mandated in many geographies could be waived if biosimilar sponsors are able to demonstrate biosimilarity and address regulatory concerns around residual risk using bioassays, limited population pharmacokinetic/pharmacodynamics (PK/PD, Phase 1) trials and technologically sophisticated analytical tools for characterization.

We have seen this in EU guidance for future development of insulin products. Globally, as and when this process becomes mainstream, and includes more complex drugs like monoclonal antibodies, it would help reduce cost and time associated with biosimilar development, benefitting patients and healthcare systems . The macros are too favourable to ignore to support the requirements of biosimilars as effective tools to bring down healthcare costs and provide increased access to biologic therapies. However, risks cannot be ignored in this highly fluid environment. It would require utmost focus and dedication, perseverance and access to large pool of capital to make the most of this opportunity, which would play out over the next five years for the current set of molecules under development.

INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharmaceutical industry has seen steady growth over the last decade backed by increased exports and an expanding Indian pharma market (IPM). Indian companies have revenues coming in from the sale of intermediates, Active Pharmaceutical Ingredients (API) and formulations in various global markets. These include developed markets like US, Europe and Japan and semi developed markets across the world. Major Indian pharma companies are now global players in generics, vaccines and biosimilars and some of them are now generating more than half of their sales outside the country. The IPM is highly fragmented with over 20,000 players. Sales are dominated by branded generics with top 10 players, which include both Indian as well as multinational firms, accounting for over 40% of the market value.

In the past few years, Indian companies have grown tremendously, capitalizing on major blockbusters losing patent protection and paving way for generics, especially in the US market. By volume, Indian companies supply about 20% of global generics. However, every passing year has left fewer patented drug opportunities for the Indian companies to launch new products. The market is moving from plain vanilla drugs to more complex formulations and delivery systems. Thus, Indian pharma companies have stepped up R&D efforts in newer areas. The companies are spending more to establish niche product portfolios for future growth. Respiratory, dermatology, biosimilars and sterile injectable product development have been some of the major areas in focus. Regulatory challenges, especially from the US FDA has impacted many players, including some who are major players in the US market, resulting in lower growth in the last two years. This has been further complicated by the debate on drug pricing, which has impacted the sentiment around the industry.

Economic growth and increase in disposable income in India has resulted in greater affordability and consumption of healthcare services in general, particularly generic medicines. There is a growing burden on account of non-communicable diseases and some infectious diseases in India. Lifestyle diseases such as diabetes, cardiovascular disease and stroke in India have become a public health challenge. WHO estimates that these diseases (with mostly preventable risk factors) account for 60% of all deaths and significant morbidity in India. This should continue to increase the per capita consumption of medicines in the country.

However, access to and quality of healthcare services is not equal in the country, resulting in inequitable outcomes. In some instances, it has led to catastrophic expenditures for families and has been one of the major contributors to families discontinuing treatment after being thrust into poverty. Both central and state governments in India are taking steps to address the problem. The recent National Health Policy (NHP), 2017 lays out a plan towards achieving Universal Health Coverage in India. The policy aims at achieving Universal Health Coverage and delivering quality health care services to all at affordable cost. It recommends prioritizing the role of the government in shaping health systems in all its dimensions. The roadmap of the NHP is predicated on public spending (2.5% of GDP in a phased manner) and provisioning of a public healthcare system that is comprehensive, integrated and accessible to all. It seeks to promote quality of care, focus on emerging diseases and investment in promotive and preventive healthcare. The policy is patient centric and quality driven and addresses health security and promotes Make in India for drugs and devices with private players as strategic partners.

THE CRO SPACE

Contract Research Organizations (CROs) provide support to the pharmaceutical, biotechnology and related industries through outsourced research and development services that span drug discovery, preclinical research, clinical research, clinical trial management, commercialization, and pharmacovigilance.

As the life science industry has evolved and matured, companies are dedicating their resources and efforts to particular areas of the value chain and have developed outsourcing relationships to perform other functions. Incremental outsourcing of additional processes to qualified Contract Research Organizations (CROs) has brought cost efficiency to the process, improved quality control and speed to market. With increased spending on drug development, the industry is now outsourcing an increasing quantum of services to competitive vendors. Strong underlying pharmaceutical demand, coupled with increasing complexity and regulatory burden have created a favourable environment for CROs. It has helped to change the dynamics between the pharmaceutical/ biotechnology industry and the CRO from purely a "client / vendor" relationship to that of strategic partnership. Companies are trying to consolidate and simplify their supply chains by concentrating sourcing among a select number of multi-service vendors.

There is increased outsourcing of manufacturing services to CROs to moderate manufacturing costs by outsourcing to low-cost global destinations like India. India has emerged as one of the leading economical quality pharmaceutical manufacturing hub for a number of global players. Outsourcing to India offers significant benefits over mature pharmaceutical hubs in North America and Europe. India has become increasingly important in the global pharmaceutical supply chain and hence incentivising the engagement of Indian pharmaceutical players in research and related manufacture has resulted in contract research and manufacturing services (CRAMS) emerging as one of the fastest growing segments in the country.

Opportunities and prospects

The outsourcing of CRO discovery services in 2016 is estimated at USD 17.8 bn. This estimate exclude Clinical Research and Contract Manufacturing outsourcing. This number is estimated to grow to USD 29 bn by 2022 (Source: IQ4I Report), with increased outsourcing to efficient and low cost CRO hubs especially in India and China compared to the European and American counterparts. Asia-Pacific is therefore expected to be the fastest growing region in the drug discovery outsourcing market in this time period.

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COMPANY REVIEW

Biocon utilises its core capabilities in fermentation technology and high end R&D skills for manufacturing biopharmaceuticals across small molecule APIs, and large molecule biologics. The Company currently has front end presence in India and UAE where it sells novel and branded small molecule/ biologic products through its field force. It also addresses its customers' R&D requirements through various services provided through its publically listed research services arm Syngene International. The Company is organized into the following reporting segments:

a) Small Molecule APIs & Generic Formulations

b) Biologics - Biosimilars (Insulins, MAbs & other biologics) & Novel biologics

c) Branded Formulations (currently India & UAE)

d) Research Services (Syngene)

A detailed analysis of our business segments is indicated hereunder:

Small Molecule Segment (Apis And Generic Formulations)

The small molecule segment comprises APIs as well generic formulations. Revenues in this segment are currently derived from sale of API to third parties. This segment has had a successful track record of regulatory audits both by developed as well as the emerging market regulators. In this segment we leverage our strengths in manufacturing products that have high degree of complexity in most cases using fermentation as the preferred route. These include production of various statin API, various immunosuppressant API and API contract manufacturing for innovators in the fermentation space. We are working towards entering the oncology space in the very near future through investments towards enhancing our development and manufacturing capabilities.

Key API product portfolio –

A. Statin basket: Simvastatin, Pravastatin, Atorvastatin, Rosuvastatin, & Fluvastatin

B. Immunosuppressant basket: Tacrolimus, Sirolimus, Everolimus, Mycophenolate Mofetil (MMF) & Mycophenolate Sodium (MPA)

C. Other key products: Orlistat, Fidaxomicin

We are leading suppliers of the above products to leading companies and estimate that our global market share ranges from 15% to as high as 50% for the top-10 molecules in our API portfolio. Most of these products are manufactured via fermentation process, a core strength of Biocon. We have been supplying our customers with high quality products over many years, which have resulted in multi-year associations with our clients, enabling high global market shares for Biocon in the API space.

To diversify and address the needs of the changing landscape given the limited number of fermentation based API available as a generic opportunity, we decided to move up the value chain and ventured into generic formulations focusing on the following diseases segments – metabolics, oncology, immunology and auto immune indications. Our strategy is to have a vertically integrated business model and currently have a nascent pipeline of products with a couple of approved dossiers for the US and EU markets. We are working on a niche portfolio of products, which are complex and expected to have limited competition. We aim to leverage our strengths acquired in characterization and manufacturing of complex proteins to this business. Hence, we would be targeting select opportunities that would fit our selection criteria and where we can be vertically integrated. We believe this could add value to our API business and help sustain long term growth in this segment.

The work on the Greenfield generic oral solid dosage facility, which would be a key component of our vertical integration efforts, is in full swing. The facility is expected to be commissioned in FY18. We propose to use this facility primarily for potent products.

Currently, this segment of our business contributes to significant revenues (40% in FY17) and profits for the Company. Cash generated from this business has helped fund our early biosimilar foray into global markets. Operationally, FY17 has been a good year for the small molecules segment with a growth of 12% as compared to FY16. This growth was driven to a large extent by supplies of Rosuvastatin API to our customers targeting the US generics market. On the generic formulations side, we received approval for our Rosuvastatin Calcium ANDA from the USFDA. EU approval for the same was received in FY16.

Biologics Segment (Biosimilars & Novel biologics)

Biocon has been ahead of the curve in India by focussing early on innovation, especially in the area of biologic drugs. We have made significant investments in building capability in science and technology, courtesy to a highly talented team of scientists, novel process engineering of drug substance and drug product, predictive toxicology, adaptive clinical trial designs and data analytics. The outcome of these efforts has been innovative products, which include antibodies like BIOMab-EGFR (nimotuzumab, for treatment of head and neck cancer) and ALZUMab (itolizumab, for treating psoriasis). In addition, these capabilities have also enabled approval of CANMab (an affordable trastuzumab biosimilar, for treating HER2+ breast cancer), very large scale development of insulins (Insugen) and insulin analogs (Basalog) and device systems (INSUPen) made available to the global patient population.

Biocon's Biologics segment comprises of its pipeline of 10 biosimilar molecules that includes human insulin/insulin analogues, monoclonal antibodies and other biologics apart from a pipeline of novel biologic products. The focus in this segment is on drugs that help patients fight diabetes, cancer and auto-immune diseases and inflammation.

In the future, the segment has been identified by management as a significant growth driver for the Company. Being an early starter among its peers in India, and now having experience of developing, manufacturing and selling some of these products in many markets globally, the Company is confident of making its mark at the global scene, once it enters the developed markets with its portfolio of products.

In the year under review, we built upon the success in FY16, with multiple clinical and regulatory milestones being met by this business segment. Segment revenues grew 43% over FY16 to ₹5,793 mn.

Biosimilars

Biocon possesses one of the largest global biosimilars portfolios, spanning human insulin/insulin analogues, monoclonal antibodies and other biologics with an addressable market size of ~USD 61 bn. Of the 10 disclosed molecules in our pipeline, nine molecules are being developed in partnership with Mylan, a global generics major. The strategic partnership between Biocon and Mylan represents Biocon's strength in biologics development and manufacturing, as well as, Mylan's regulatory and commercial strengths globally.

We received the first developed market approval for our Insulin Glargine product in Japan in partnership with FUJIFILM Pharma in FY16. Our partner, FUJIFILM Pharma (FFP) launched the product in Japan on 15th July 2016. The feedback for our product has been very positive with our device being appreciated for the ease of use. The market for Insulin Glargine in Japan is small if compared with the percentage of Insulin Glargine sales globally. However, the success of getting the product approved in the first pass and now selling the product in the Japanese market reinforces our internal belief that we are well positioned to address the Insulin Glargine opportunity in other developed markets through our partnership with Mylan.

Our proposed biosimilar trastuzumab and pegfilgrastim were accepted and are under review by the United States Food & Drugs Administration (USFDA) and the Europeans Medicines Agency (EMA). EMA is also reviewing our proposed biosimilar Insulin Glargine, which is targeted at the EU market. We expect to receive marketing approval decisions for some of these molecules in the second half of FY18. While the filing for generic Insulin Glargine with the USFDA is expected in early FY18, our proposed biosimilar adalimumab for which the global clinical trial is now complete.

We completed the emerging market targeted Indian clinical trial for our proposed biosimilar bevacizumab and filed for marketing authorization with the Indian Health Regulator in FY17. The global phase 3 trial for bevacizumab was also initiated in late FY17.

Work on our recombinant human insulin (RHI) product targeted at the US market and two other global programs for insulin analogs (insulin aspart, insulin lispro) continues.

The table below summarizes the status of our global biosimilar portfolio as on March 31, 2017.

Table: Status of Biocon's global biosimilar portfolio

Category	Molecule	Status
Regular Acting Insulin	Recombinant Human Insulin	Pre-clinical (US Market), Marketed in Emerging Markets
Long Acting Insulin	Insulin Glargine	Filed in EU, Australia & Canada. US filing in H1 FY18. Marketed in Japan (since Jul-16) & Emerging Markets
Rapid Acting Insulin Analog	Insulin Aspart	Pre-clinical
Rapid Acting Insulin Analog	Insulin Lispro	Pre-clinical
Cancer	Trastuzumab	Filed in US, EU. Marketed in Emerging Markets.
Neutropenia	Pegfilgrastim	Filed in US, EU, Canada, Australia, Emerging markets.
Auto-Immune	Adalimumab	Global Phase 3 completed
Cancer	Bevacizumab	India/Emerging Markets Phase 3 complete. Global Phase 3 commenced
Neutropenia	Filgrastim	Early development
Auto-Immune	Etanercept	Early development

Biocon achieved the significant commercialization milestone of its first overseas facility in Malaysia when our subsidiary Biocon SDN. BHD., Malaysia was awarded a MYR 300 million (~₹ 4,600 million), three year contract for supplying RHI cartridges and re-usable insulin pens under the Malaysian government's Off-Take Agreement (OTA) initiative from its large scale biopharmaceutical facility in Johor, Malaysia. The OTA seeks to encourage local manufacturing of new pharmaceutical products, thus lowering the country's reliance on imports and also enhancing the exports potential. Biocon's RHI is Malaysia's first locally manufactured biosimilar biologic product approved by the National Pharmaceutical Regulatory Authority (NPRA), Malaysia, for commercial sales in the country.

Apart from the Japanese and Malaysia milestone under our insulins portfolio, we saw an increase in licensing income in FY17. The income is to a great extent a result of our successful partnership outcomes for trastuzumab in several of the large emerging markets. Once our local partners receive regulatory approvals in their markets, we expect it would result in a more meaningfully contribution from trastuzumab sales in this segment in FY18 and beyond from some larger emerging markets. Given the high unmet need for this drug, we see biosimilar trastuzumab as a very meaningful opportunity not only in the developed markets but also in emerging markets. From a developed markets stand point, our partner Mylan entered into a settlement agreement with Genentech and La Hoffman Roche related to intellectual property around trastuzumab. This removes legal uncertainties related to the timing of launch of this product in various markets around the world.

The ability to address market demand by creating capacity, reducing cost and increasing operational efficiency will be a key differentiator for the success of our biosimilar forays in developed as well as emerging markets. Biocon has been building manufacturing capacity in a phased manner to fulfil market demand for its portfolio products. Our Malaysia insulins plant started commercial operation in FY17 while we plan to further augment our biologics manufacturing capacity for monoclonal antibodies in line with the launch and ramp up of supplies of our products across the globe. We expect to break ground on a new monoclonal antibody facility in Bengaluru in FY18. This facility will be built in two phases over a period of three to four years. An expansion of our Malaysian insulin plant (Malaysia Phase 2), will also be considered in due course, in line with movement of portfolio of molecules (insulin lispro, insulin aspart) in the clinic and regulatory and commercial outcomes for our insulin glargine product in the EU and US markets.

The Company continues to work towards augmenting its portfolio with more biosimilar candidates under development (names undisclosed), where market formation is expected in the next decade. Current efforts are focused on executing on our partnered pipeline, which is expected to be commercialized over the next few years.

Novel Biologics

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

In the field of diabetes, Biocon's lead program is Insulin Tregopil, a Phase 2 ready first-in-class oral prandial insulin molecule for post-prandial glycaemic control. In January 2016, Biocon announced successful results from Phase 1 studies, which were concluded in FY16. These studies established the target product profile of this molecule that includes food effects, drug-drug interaction and PK/PD profile. These data provide the basis for our R&D group to continue development of this program in both Type 1 & Type 2 diabetes patient populations. For Type 2 diabetes patients in India - a pivotal Phase 3 study is expected to start in FY18. Likewise, for Type 1 diabetes patient population - a multiple ascending dose study is planned in FY18. These combined studies in different diabetic populations will form the foundation of a broad global program envisioned for Insulin Tregopil.

In autoimmune/inflammatory diseases, Itolizumab is a humanized monoclonal CD6 antibody approved in India for Psorasis. In FY17, a bridging Phase 1 PK and safety study in normal healthy volunteers was initiated in Australia to evaluate the pharmacokinetics of a sub-cutaneous route of administration of Itolizumab in comparison to intravenous route for which, the Company has marketing approval in India. Stage 1 dosing has been completed in which, the subcutaneous route administration shows very good bioavailability of the drug. We plan to initiate the Stage 2 dosing shortly. Biocon is the first global company to biologically and clinically validate CD6 as a target for autoimmune diseases.

QPI-1007, a novel SiRNA molecule to treat non-arteritic ischemic optic neuropathy (NAION), based on Quark Pharma's SiRNA technology platform, is in-licensed for India and related markets. QPI – 1007 continues to make good progress following the initiation of pivotal global Phase 2/3 studies by our partner Quark Pharma. The study which was initiated in FY17 in the US, now includes patients randomized in India, too.

In Immuno-Oncology, Biocon's lead program FmAb2; is in pre-clinical development – a fusion protein of EGFR mAb/ TGFβ RII ECD. This fusion antibody works on the concept of preferentially delivering immune modulators to tumour site, enhancing efficacy and delivering larger doses of TGFβ to the tumour micro-environment. IND for this molecule is planned for FY18 and is currently ready with Pharmacology and Mechanism of Action (MoA) established in in-vitro and in-vivo tumour models. It provides us with a potentially broad clinical opportunity in multiple tumour types.

We also have a 2nd generation humanized antibody targeting CD20 for which, the path to IND has been mapped out and we plan to advance this asset in neuro-inflammatory diseases (for e.g. Multiple Sclerosis).

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

Branded Formulations

Biocon Branded Formulations business focuses on regional markets and is currently operational in India and the UAE. We have a clear strategy focused around leveraging our strengths in biologics and differentiated products in chronic therapeutic areas such as Metabolics (diabetes, cardiovascular), Oncotherapeutics, Immunotherapy (Inflammation, Autoimmune), Nephrology (Dialysis, Transplants) and Specialty. We provide world-class quality products for thousands of patients in India and UAE.

The performance of the India business continued to be sluggish in FY17. Increased competition from low priced biosimilar mAbs, introduction of price caps in some key brands by the government and loss of a key in-licensed oncology brand, Abraxane, which was withdrawn by the licensor from the India and UAE markets, impacted growth. We are working to overcome these challenges by modernising our to-market approach, focussed execution, expanding our reach to adjacent markets like Sri Lanka and by making organizational changes.

During the year under review, the Company has worked on portfolio consolidation, focused targeting and segmenting of operating markets and targeted licensing strategy in focus therapy areas. Repurposing of resources to high growth segments of the market is anticipated to drive growth in FY18. The idea is to increase our reach with the Key Opinion Leaders (KOL) through augmented methods and having a digital strategy to communicate and detail. We have also flattened the organization structure, brought in outside talent, rolled out an attractive reward recognition and career path in Branded Formulations India in key areas. The objective is quicker decision making with the aim of taking our current execution a notch higher to ultimately deliver superior results for the Company. Through these changes, we hope to deliver on higher growth from this segment in FY18 and beyond.

In FY17, Branded Formulation segment grew 24% to ₹ 5,489 mn as compared to the previous year attributable to the growth in our UAE business. Biocon is one of the strongest companies in India in the Insulins space with ~12% and ~16% prescription share in Human Insulins and Glargine market respectively (Source: CMARC). Our oncology products (novel, biosimilars) command high market shares in the respective categories. Top 10 brands contribute ~74% of sales of our India business and grew 1% in FY17 over the previous year (Primarily due to impact of price controls on key brands like Insugen and Tacrograf). The insulins franchise grew 4% in FY17 to ₹ 1,589 mn.

Our UAE Branded business is supported by 27 brands and its sales are well diversified across a portfolio of products. Top 10 brands contribute 73% of sales and grew 9% in FY17 as compared to FY16. Biocon brands are ranked in Top 3 in their respective therapy segments in the UAE market.

Research Services (Syngene)

Our subsidiary, Syngene (Biocon has 74.5%* shareholding), is one of the leading India- based CRO offering a suite of integrated end-to-end drug discovery and development services for the novel molecular entities (NMEs) to hundreds of clients including start-up companies, large pharma/ biotech, agrochemical, chemical, nutrition and animal health companies in the US, Europe and Asia Pacific including Japan.

*Includes 0.93% held by Biocon Research Limited

Syngene is amongst one of the few listed drug discovery and development companies globally to offer a one-stop solutions for organisations looking to optimize their R&D expenditures, right from the foundation of conducting discovery (from hit to candidate selection), development (including pre-clinical and clinical studies, analytical and bio-analytical evaluation, formulation development and stability studies) to pilot manufacturing (scale-up, pre-clinical and clinical supplies) under one roof. Its service offering in discovery and development cover multiple domains across small molecules, large molecules, antibody-drugs conjugates ("ADC") and oligonucleotides. Unlike traditional business models, these services are offered through flexible time engagement models that are customized to the client's requirements. These engagement ranges from a full-time equivalent ("FTE") to a fee-for-service ("FFS") model, or a combination of both, based on client requirements.

With over ~3,100 scientists and a laboratory base of 1.32 Million square feet, it currently services over 290 clients, ranging from multinational corporations to start-ups, including eight of the top ten global pharma companies based on their R&D spend. Besides a number of multi-year contracts, Syngene has five long-duration, multi-disciplinary partnerships, each with a dedicated research centre, with Bristol-Meyers Squibb Co. (BMS), Amgen Research and Development Center (SARC), Abbott Laboratories (Singapore) Pte. Ltd. (Abbott), Herbalife Nutrition Company and Baxter International Inc. (Baxter).

During the year under review, Syngene's revenues grew 7% to ₹ 11,604 mn driven by business momentum across i's three verticals – Discovery Services, Dedicated Centres and Development and Manufacturing Services.

Some notable achievement during the year includes:

1) Commissioning of the first phase of the Syngene Research Centre
2) Set up of a state-of-the art Viral Testing facility
3) Commissioning of an integrated, multi-disciplinary drug discovery and development centre for Amgen (Syngene Amgen Research and Development Centre) with the capacity to staff more than 100 highly qualified scientists
4) Acquisition of Strand Life Science assets related to systems biology, Heptox and pharma bioinformatics services
5) Signing of a strategic partnership with Herbalife Nutrition, a global nutrition company to set up their first dedicated nutrition research and development lab in India, and
6) Commissioning Phase I of a new Formulation facility capable of manufacturing clinical or commercial supplies of small volume niche technology products and complies with regulatory requirements of the USFDA, EMEA and other authorities.

In December 2017, there was a fire accident at one of Syngene's research facilities in Bangalore. This facility, which includes office and lab space, made up approximately 20% of its total revenues. The fire was caused due to a chemical reaction that was being conducted at the facility. There was no injury or loss of life. As a part of its business continuity plan, most of the client related projects were redeployed to other labs and enhanced shift working was introduced to minimize the impact on revenues.

The long term structural story of the business is robust as Syngene continues its investments to expand its service offerings and building capacities. In the near term, investments include forward integration into commercial-scale manufacturing of NMEs. With a proven track record and an effective combination of scientific talent, global accredited systems, R&D infrastructure and continued focus on protection of client's intellectual property, Syngene remains well-positioned to benefit from the expected growth in the CRO industry.

Operational Performance

The year 2017 was an eventful one for the Company. Not only did we made a lot of clinical progress in diverse pipeline of products but also delivered better financial performance as a group. Overview of the financial performance of the Company is given on the next page, which forms part of the MDA.

Resource Review

Employees

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

In light of our steady growth and ambitious plans, attracting, grooming and retaining talent is of utmost importance. A detailed discussion on human capital is provided in our Human Resources section of the Annual Report.

As a Group, we employ over 9,200 people, including ~500 individuals outside India.

IPR

One of our key focus areas is the creation of Intellectual Property (IP), which generates not only a competitive advantage but also creates the potential for exponential and enduring value.

Patents

The IP portfolio of the Biocon Group of companies comprises 1,286 patent applications and 1,053 patents granted in various jurisdictions.

Trade Marks

Biocon Limited's IP portfolio comprises 833 Trade Mark applications of which, 555 are registered trademarks in different classes and various jurisdictions across the world.

Designs

Biocon Limited's IP portfolio consists of four design applications of which, three designs are registered.

FINANCIAL PERFORMANCE - AN OVERVIEW

From April 1, 2016, the Company adopted the new Indian accounting standards, commonly referred to as Ind AS, based on IFRS principles. The displayed financials have been classified based on the new accounting standards and previous year's numbers (FY16) have been restated to reflect these changes.

Consolidated Balance Sheet

The following table highlights the Consolidated Balance Sheet as on March 31, 2017 (FY17) and March 31, 2016 (FY16)

Table 1, All Figures in ₹ Million

Particulars	FY17	FY16	Change
ASSETS			
Non-current assets			
Tangible and intangible assets	44,651	39,887	12%
Investment in associates and a joint venture	422	259	63%
Financial assets	2,747	872	215%
Assets for current tax (net)	895	852	5%
Deferred tax assets (net)	1,975	715	176%
Other non-current assets	2,775	2,287	21%
	53,465	**44,872**	**19%**
Current assets			
Inventories	6,353	5,424	17%
Financial assets	32,535	33,633	-3%
Other current assets	1,589	652	144%
	40,477	**39,709**	**2%**
Total	**93,942**	**84,581**	**11%**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,000	1,000	0%
Other equity	47,377	39,338	20%
Non-controlling interests	3,761	2,658	41%
	52,138	**42,996**	**21%**
Non-current liabilities			
Financial liabilities	21,145	20,918	1%
Provisions and other non-current liabilities	3,876	4,010	-3%
	25,021	**24,928**	**0%**
Current liabilities			
Financial liabilities	11,693	12,154	-4%
Income tax liability (net)	964	965	0%
Provisions and other current liabilities	4,126	3,538	17%
	16,783	**16,657**	**1%**
Total	**93,942**	**84,581**	**11%**

Non-current assets

Non-current assets grew 19% primarily due to investments in tangible assets for the Malaysian facility, Research services (Syngene) and intangible capitalisation pertaining to product development expenses. Also, we have continued to invest in research service business facilities. Investments in long term securities and MAT credit have also contributed to an increase in non-current financial assets.

Equity share capital

We have an equity share capital that comprises of 200,000,000 equity shares having a face value of ₹ 5 each. There was no change in the equity capital of the company during the year.

Other equity

Other equity majorly comprises of share premium, treasury shares, retained earnings and other reserves. The total other equity of the company increased by 20% in FY17 as compared to FY16, due to profit accumulation during the year, net of dividend distribution.

Non-controlling interests

The profit attributable to minority shareholders increased 41% in FY17, attributable to accumulation of profits of current year.

Non-current liabilities

There is no major movement in the non-current liabilities in FY17 as compared to FY16. There was an increase in term-loan obtained by Biocon SDN. BHD., which is offset by reduction in derivative liability and release of deferred revenues.

Working Capital (Current assets less Current liabilities)

Working capital as at March 31, 2017 stood at ₹ 23,694 mn, up by 3% as compared to FY16, which is in line with volume of operations.

Consolidated Statement of Profit and Loss

The following table highlights key components of the statement of Profit and Loss for the fiscal years ended March 31, 2017 (FY17) and March 31, 2016 (FY16)

Table 2, All Figures in ₹ Million

Particulars	FY17	FY16	Change
Total revenue	40,787	34,602	18%
Expenses			
Cost of materials consumed	14,466	12,904	12%
Excise duty	305	336	-9%
Employee benefit expenses	7,470	6,101	22%
Depreciation and amortisation expenses	2,772	2,487	11%
Finance costs	260	293	-11%
Other expenses	8,463	8,111	4%
Sub-total	**33,736**	**30,232**	**12%**
Less: Recovery of product development costs from co-development partners (net)	(1,283)	(1,320)	-3%
Total expenses	**32,453**	**28,912**	**12%**
Share of profit of joint venture	163	217	-25%
Profit before tax and exceptional item	**8,497**	**5,907**	**44%**
Exceptional item	-	1,606	-100%
Profit before tax	**8,497**	**7,513**	**13%**
Tax expense	1,538	1,299	18%
Tax on exceptional item	78	123	-37%
Profit after tax	**6,881**	**6,091**	**13%**
Non-controlling interest	760	587	29%
Profit for the year	**6,121**	**5,504**	**11%**
Other comprehensive income attributable to shareholders	764	(58)	-1417%
Total comprehensive income attributable to shareholders	**6,885**	**5,446**	**26%**

Revenue

During the year under review, revenues grew 18% on a consolidated basis from ₹ 34,602 mn to ₹ 40,787 mn. The Small Molecules segment grew by 12%, driven by strong sales of Rosuvastatin and Immunosuppressants. The Biologics segment achieved an annual growth of 43% year on year. The major contributors to the growth were insulins sales from Malaysia and trastuzumab sales to emerging markets including strong out-licencing opportunities. Also, the Branded Formulations segment showed a growth of 24% resulting in a total revenue of ₹ 5,489 mn as against ₹ 4,409 mn in previous fiscal due to deconsolidation of Joint Venture in UAE. On a like-for-like basis, however this segment was down marginally. Contract Research segment (Syngene) reported a turnover of ₹ 11,604 mn, reflecting an annual growth of 7%.

The Total Revenue composition for FY17 and FY16 is detailed below:

Table 3

Particulars	FY17 (₹ mn)	FY16 (₹ mn)	FY17 (%)	FY16 (%)
Small Molecule	16,330	14,546	40	42
Biologics	5,793	4,046	14	12
Branded Formulations	5,489	4,409	13	13
Research Services	11,604	10,809	29	31
Revenue from operations	**39,216**	**33,810**		
Other income	1,571	792	4	2
Total revenue	**40,787**	**34,602**		

Cost of Materials Consumed

The material costs comprised of raw materials, packing materials, traded goods and change in inventories. In FY17, material costs, as a percentage of our overall revenue from operations remained consistent with FY16.

Employee Benefit Expenses

Our Employee Benefit Expenses comprise the following items:

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

These expenses increased 22% in FY17, driven largely by increased employee strength and annual increments.

Research and Development Expenses

The net R&D expenditure for FY17 reduced 3% to ₹ 2,662 mn (₹ 2,742 mn in FY16). This amount in the Profit and Loss account represented ~9% of revenue ex-Syngene as compared to ~11% in the previous year. We capitalized ₹ 1,357 mn, taking gross R&D spend to ₹ 4,019 mn for the year compared to ₹ 4,267 mn in FY16. The decrease in R&D expenses was on account of reduced spends in ANDA development programs whereas the expenditure on in-house novel programs increased 38% in FY17. We estimate R&D spends to remain in the range of 12-15% of revenues ex-Syngene in the coming years.

Depreciation and Amortization

During this fiscal, depreciation and amortization increased to ₹ 2,772 mn from ₹ 2,487 mn in FY16. New facilities in the research arm have resulted in additional depreciation for the current year.

Finance Costs

The finance cost for FY17 is ₹ 260 mn which was contributed through use of foreign currency borrowings to address routine operations. The total finance cost for FY17 is reduced by ₹ 33 mn. There has been an increase in interest costs on term loan as new terms have been obtained during the FY17. However, in FY17 exchange difference considered as borrowing costs remained Nil as against ₹ 67 mn in FY16.

Exceptional Items (net)

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

The Exceptional items during the previous year comprised the following:

A. Consequent to an agreement with a customer which resulted in changes to the nature of the Group's future obligations on the rh-insulin program, deferred revenue of ₹ 2,684 mn relating to the program has been recognized as income in the consolidated financial results for the year ended March 31, 2016 and has been disclosed under exceptional items.

B. Pursuant to the uncertainty in respect of the ability of the Group to license a product for development and commercialization in certain territories, Biocon SA recorded an impairment of the carrying value of the intangible asset amounting to ₹ 1,078 mn. The impairment has been recognized as an exceptional item in the consolidated financial results for the year ended March 31, 2016.

C. The gain arising from sale of equity shares in respect of Syngene, net of related expenses and cost of equity shares amounting to ₹ 962 mn has been accounted as an exceptional gain in the standalone financial results for the year ended March 31, 2016.

D. During the year ended March 31, 2016, the Company sold its investment in the equity shares of Biocon Malaysia, a wholly owned subsidiary to Biocon Biologics Limited (UK), another wholly owned subsidiary of the Company for a sum of ₹ 811 mn. Gain arising from such sale of equity shares, net of cost of such equity shares, amounting to ₹ 99 mn is recorded as an exceptional item in the standalone financial results. Consequential tax of ₹ 21 mn is recorded on such gain.

Tax Expenses

Tax expenses for the fiscal stood at ₹ 1,538 mn in comparison to ₹ 1,299 mn in FY16. The increase is on account of higher profits in comparison with previous year.

Other Comprehensive Income

Other comprehensive income includes re-measurement gains/losses on defined benefit plans and gain/losses on hedging instrument cash flow hedges. The increase in the current year is primarily on account of gain on hedging instruments amounting to ₹ 871 mn (net of taxes) arising from research business of the group.

Risks, Threats and Concerns

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

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

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

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

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

The government, investor and the public demand transparency in life science companies covering aspects like product commercialisation, executive pay, financial information accuracy, manufacturing processes and clinical trial quality. Several high-profile incidents, particularly in emerging markets, have enhanced the need for more transparency. Other key developments comprise the Indian Government's plans to involve the private sector in R&D across vaccines, drugs and pharmaceuticals. On the brighter side, drug approval processes have been simplified by the authorities and approval times for new facilities drastically reduced. The onus will be on the Company to capitalise on these opportunities while protecting itself from risks.

In addition to the above, other key risks relating to our current operations include human capital risk such as loss of key personnel, timely non replenishment of critical vacant roles, concentration or reliance on third party sole suppliers or service providers including regional supplier reliance, risk arising out of co-development arrangements, disruption of operations from natural disasters, risk arising out of strategic projects, foreign exchange fluctuations, changing global political and regulatory landscape, change in Company strategy etc.

Internal Controls

The Company is responsible for establishing and maintaining adequate and effective internal controls and the preparation and presentation of the financial statements, including assertions on the internal financial controls in accordance with broader criteria established by the Company.

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

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

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

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

Outlook

Fiscal 2016-17 was an exciting year for Biocon. It marked the beginning of a new growth journey for the Company led by our Biologics segment coupled with the commencement of insulin glargine product sales in Japan. This was followed by initiation of commercial supplies of recombinant human insulin from our Malaysian insulin facility. Progress of our global biosimilar pipeline continued with multiple filings across various developed markets while Syngene continued to make investments to expand its capacities and service offerings. Taking everything into consideration, the beginning of a new growth journey has provided a good visibility to us to deliver long term growth to all our shareholders.

Corporate Governance Report

I. Company's philosophy on Code of Governance

Biocon believes that good corporate governance emerges from the application of best management practices and compliance with the laws coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters.

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

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

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

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

II. Board of Directors

The composition of the Board of your Company is in conformity with Regulation 17 of SEBI LODR. The Chairperson & Managing Director of your Company, though a Professional Director in her individual capacity, is a Promoter. The number of Independent Directors is more than one-half of the total number of Directors on the Board of your Company.

Ms. Kiran Mazumdar Shaw, Chairperson & Managing Director, Mr. John Shaw, Vice Chairman and Dr. Arun S Chandavarkar, Chief Executive Officer and Joint Managing Director are the Executive Directors of your Company. Prof. Ravi Mazumdar is a Non - Executive Non Independent Director. The remaining Directors on the Board of your Company comprises six Independent Directors as on March 31, 2017 and are renowned professionals drawn from diverse fields, possessing requisite qualifications and experience in general corporate management, finance, banking, insurance, economics, science, technology and other allied fields which enable them to contribute effectively to your Company and enhance the quality of Board's decision making process.

The Board being aware of its fiduciary responsibilities recognizes its responsibilities towards all stakeholders to uphold highest standards in all matters concerning the Company. It has empowered responsible persons to implement its broad policies, guidelines and has set up adequate review processes. The Board provides strategic guidance on the affairs of the Company. The Independent Directors provide independent and objective judgement on matters placed before them.

The Company's day to day affairs are managed by the Chairperson, Vice - Chairman and CEO assisted by a competent management team under the overall supervision of the Board. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board, senior management and all its employees. The Board is committed to representing the long term interests of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgment on the affairs of the Company.

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

A. Composition of the Board

The Board of your Company comprises of ten Directors as on March 31, 2017. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Director is a Director in more than 10 public limited companies (as specified in Section 165 of the Companies Act, 2013 ("the Act")) or act as an Independent Director in more than 7 listed companies or 3 listed companies in case he/she serves as a Whole-time Director in any listed company (as specified in Regulation 25 of SEBI LODR). Further, none of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Regulation 26 of SEBI LODR), across all the Indian public limited companies in which he/she is a Director.

Name of the Director	Category	Directors' Identification Number	Total Number of Directorships, Committee Chairmanships and Memberships of public limited companies*, as on March 31, 2017		
			Directorships$	Committee Chairmanships#	Committee Memberships#
Ms. Kiran Mazumdar-Shaw @	Promoter & Executive	00347229	8	-	-
Mr. John Shaw @	Promoter & Executive	00347250	4	-	-
Dr. Arun S Chandavarkar	Executive	01596180	4	-	2
Prof. Ravi Mazumdar @	Promoter & Non-Executive	00109213	1	-	1
Mr. Russell Walls	Independent	03528496	5	4	2
Ms. Mary Harney	Independent	05321964	1	-	-
Mr. Daniel M Bradbury	Independent	06599933	2	1	2
Dr. Vijay K Kuchroo	Independent	07071727	3	-	1
Dr. Jeremy M Levin	Independent	07071720	1	-	1
Mr. M Damodaran	Independent	02106990	5	2	5

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

$ Includes Additional Directorships and Directorship in Biocon Limited.

Committees considered are Audit Committee and Stakeholders Relationship Committee, including that of Biocon Limited.

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

B. Board Procedure

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

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

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

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

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

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

During the year April 01, 2016 to March 31, 2017, four Board meetings were held on the following dates – April 26, 2016, July 21, 2016, October 20, 2016 and January 24, 2017. The Board met at least once in every calendar quarter and the gap between two meetings did not exceed one hundred and twenty days. These meetings were well attended. The 38th AGM of your Company was held on June 30, 2016.

The attendance of the Directors at these meetings were as under:

Directors	No. of Board meetings held during FY 16-17	No. of Board meetings attended	Attendance at the 38th AGM
Ms. Kiran Mazumdar-Shaw	4	4	Yes
Mr. John Shaw	4	4	Yes
Dr. Arun S Chandavarkar	4	4	Yes
Prof. Ravi Mazumdar	4	4	No
Mr. Russell Walls	4	4	Yes
Ms. Mary Harney	4	4	No
Mr. Daniel M Bradbury	4	4	No
Dr. Vijay K Kuchroo	4	3	No
Dr. Jeremy M Levin	4	4	No
Mr. M Damodaran	4	4	Yes

D. Shareholding of Non-Executive Directors

The details of Company's shares held by Non - Executive Directors as on March 31, 2017 are as below:

Directors	No. of shares held as on March 31, 2017
Prof. Ravi Mazumdar*	565,014
Mr. Russell Walls	NIL
Ms. Mary Harney	NIL
Mr. Daniel M Bradbury	NIL
Dr. Vijay K Kuchroo	NIL
Dr. Jeremy M Levin	NIL
Mr. M Damodaran	NIL

*Joint holding with spouse

E. Meeting of Independent Directors

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

F. Details of Familiarisation programme imparted to Independent Directors:

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

The Company's familiarisation policy and the details of programmes attended and hours spent by the Independent Directors during the financial year 2016-17 is available on the Company's website http://www.biocon.com/docs/Familiarisation_Programme_FY16-17.pdf

III. Committees of the Board

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

The various Committees of the Board are as under:

• Audit and Risk Committee

• Nomination and Remuneration Committee

• Stakeholders Relationship Committee

• Corporate Social Responsibility Committee

A. Audit and Risk Committee

I. Brief description of terms of reference

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

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

II. Composition

The following Directors are the members of the Committee:

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

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

Senior staff from the Accounts /Finance Department and representatives of Statutory and Internal Auditors attend all Audit and Risk Committee meetings. The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit and Risk Committee, Mr. Russell Walls was present at the last Annual General Meeting held on June 30, 2016.

III. Meeting and attendance during the year

During the year, the Committee met 4 times on April 26, 2016, July 21, 2016, October 20, 2016 and January 24, 2017.

The attendance at the meetings is as under:

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

*Mr M Damodaran was appointed as a member of Audit and Risk Committee at the Board meeting held on April 26, 2016.

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

B. Stakeholders' Relationship Committee:

I. Brief description of terms of reference

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

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

II. Composition

The following Directors are the members of the Committee:

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

All the members of the Committee are Non-Executive Directors and majority are Independent. Mr. Rajiv Balakrishnan, Company Secretary is the Compliance Officer of the Company.

III. Meeting and attendance during the year

During the year, the Committee met 4 times on April 26, 2016, July 21, 2016, October 20, 2016 and January 24, 2017. The attendance at the meetings is as under:

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

During the year, 103 complaints were received and resolved to the satisfaction of investors. As on March 31, 2017, there are no outstanding complaints from the investors. The quarterly statement on investor complaints received and disposed of are filed with stock exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

C. Corporate Social Responsibility Committee

I. Brief description of terms of reference

The terms of reference of the Committee are in line with the provisions of Section 135 of the Act.

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

II. Composition

The following Directors are the members of the Committee:

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

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

III. Meeting and attendance during the year

During the year, the Committee met twice, on April 26, 2016 and October 20, 2016. The attendance at the meeting is as under.

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

D. Nomination and Remuneration Committee

I. Brief description of terms of reference

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

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

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

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

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

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

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

II. Composition

The following Directors are the members of the Committee:

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

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

III. Meeting and attendance during the year

During the year, the Committee met thrice, on April 26, 2016, October 20, 2016 and January 24, 2017. The attendance at the meetings is as under:

Members	No. of meetings	
	Held	Attended
Ms. Mary Harney	3	3
Dr. Vijay K Kuchroo	3	3
Prof. Ravi Mazumdar	3	3
Ms. Kiran Mazumdar Shaw*	3	1#

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

IV. Remuneration of Directors:

A. Remuneration Policy

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

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

B. Remuneration to Non-Executive Directors

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

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

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

Besides the above commission, Foreign Independent Directors are paid travel allowances of USD 4000 in case of travel from United States and USD 3000 in case of travel from any other country for attending the meetings. The Non- Executive Directors are paid a consolidated sitting fees of ₹ 100000 for attending the Board and Committee meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

The Non – Executive Directors bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science, technology, legal and governance matters. There were no pecuniary relationship or transactions of non-executive directors vis- a-vis the Company during the financial year 2016-17.

C. Remuneration to Executive Directors

The shareholders at their 37th AGM appointed Ms. Kiran Mazumdar Shaw as the Chairman & Managing Director for a period of five years effective April 01, 2015 on certain terms and conditions including her remuneration subject to a limit of 5% of net profit of the Company. The remuneration includes fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses etc. as applicable to the employees of the Company.

Mr. John Shaw was appointed as a Whole- time Director and designated as Vice - Chairman of the Company by the shareholders at their 32nd AGM on certain terms and conditions including his remuneration comprising of fixed and variable salary, performance bonus, contribution to provident fund, superannuation, gratuity, perquisites and allowances, reimbursement of expenses etc. as applicable to the employees of the Company. Further, the shareholders at their 35th AGM increased the remuneration of Mr. John Shaw subject to a limit of 5% of net profits of the Company.

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

The details of remuneration paid to each of the Directors during the year ended March 31, 2017 are given below:

(Amount in ₹ Million)

Directors	Salary and Perquisites			Others		
	Fixed pay & Bonus	Perquisites#	Retiral Benefits	Commission	Sitting fees	Total
Ms. Kiran Mazumdar Shaw	19.4	0.03	0.98	-	-	20.41
Mr. John Shaw	17.2	0.03	-	-	-	17.23
*Dr. Arun S Chandavarkar	31.7	0.03	1.27	-	-	33.00
Prof. Ravi Mazumdar	-	-	-	-	0.4	0.4
Mr. Russell Walls	-	-	-	3.75	0.4	3.79
Ms. Mary Harney	-	-	-	2.81	0.4	2.85
Mr. Daniel M Bradbury	-	-	-	2.21	0.4	2.25
Dr. Vijay K Kuchroo	-	-	-	2.14	0.3	2.17
Dr. Jeremy M Levin	-	-	-	3.22	0.4	3.26
Mr. M Damodaran	-	-	-	1.95	0.4	1.99

#Perquisites valued as per Income - tax Act, 1961.

*Dr. Arun S Chandavarkar was granted 76500 Restricted Stock Units (RSUs) of Company's subsidiary, Syngene International Limited in April 2015 at nil exercise price which doesn't form part of his remuneration shown above. RSUs shall vest over a period of 4 years from the date of grant. During the year 2016-17, 7650 RSUs were exercised by Dr. Arun S Chandavarkar.

No options under the Company's ESOP plan were granted to Executive / Non-Executive Directors during the financial year 2016-17.

V. General Body Meetings

A. Annual General Meetings

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

Year	Date and Time	Venue	Special Resolution Passed
2013-14	July 25, 2014, 3.30 p.m.	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bengaluru - 560 099	1.Approval for enhancement of borrowing limits and creation of charge
2014-15	July 24, 2015, 3.30 p.m.	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bengaluru - 560 099	1. Amendment in Articles of Association of the Company 2. Implementation of ESOP Plan through ESOP Trust. 3. Acquisition of shares by ESOP Trust from secondary market.
2015-2016	June 30, 2016, 4.00 p.m.	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bengaluru - 560 099	1. Appointment of Statutory Auditor. 2. Approval of new grants under the Company's ESOP plan.

I. Special Resolutions passed through Postal Ballot

No special resolution was passed through postal ballot during FY 2016-17. The Board at its meeting held on April 27, 2017, proposes to seek approval of shareholders by special resolution for increasing the authorised share capital of the Company and consequent amendment to the memorandum of association by way of Postal ballot. None of the business proposed to be transacted at the ensuing AGM requires passing of special resolution through postal ballot.

II. Procedure for Postal ballot

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

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

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

B. Means of communication

I. Quarterly results

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

II. News Releases, Presentations

Official news / Press releases are sent to the stock exchanges and are displayed on the Company's website www.biocon.com

III. Presentations to Institutional Investors / Analysts

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

IV. Website

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

V. NSE Electronic Application Processing System (NEAPS)

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

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

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

VII. SEBI Complaints Redress System (SCORES)

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

VI. General Shareholders' Information

A. Company Registration details

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

B. Annual General Meeting

Date and Time	Friday, July 28, 2017 at 4.00 p.m.
Venue	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bengaluru - 560 099
Financial year	April 01– March 31
Dividend payment date	Credit/dispatch of dividend warrants, if approved at the members' meeting, would be made on or after July 28, 2017 but before August 4, 2017.
Dates of Book Closure	Saturday, July 22, 2017 to Friday, July 28, 2017 (both days inclusive)
*Financial Results Calendar for 2017-2018.	
Q1 – FY 18	July 27, 2017
Q2 – FY 18	October 26, 2017
Q3 – FY 18	January 24, 2018
Q4 – FY 18	April 26, 2018
*The above dates are tentative.	
Listed on Stock Exchanges	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 BSE Limited P J Towers, Dalal Street, Mumbai - 400 001
Stock Code/Symbol	NSE – BIOCON | BSE – 532523
International Securities Identification Number	INE 376G01013
Payment of Annual listing fees to stock exchanges	Paid.

I. Market Price data during 2016-17

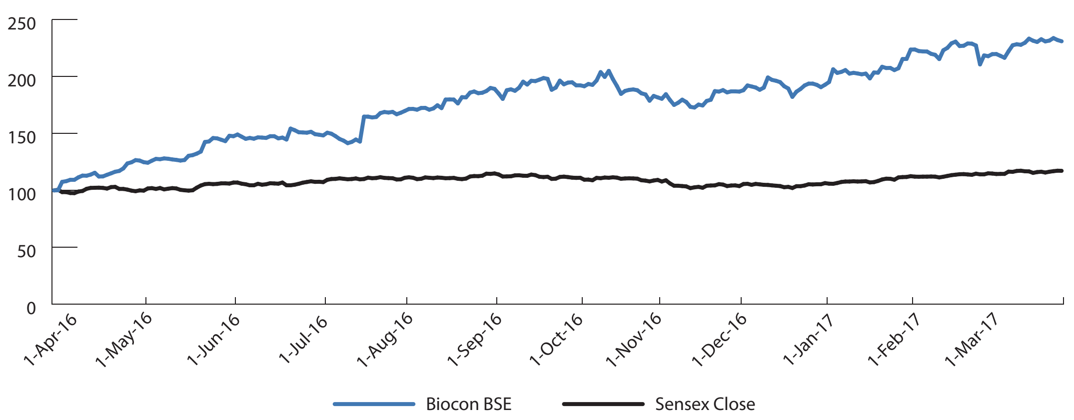
The monthly high/ low closing prices and volume of shares of the Company from April 1, 2016 to March 31, 2017 are given below

Months	BSE			NSE		
	High Price	Low Price	Volume of Equity Shares	High Price	Low Price	Volume of Equity Shares
Apr-16	589.50	482.45	25,60,625	589.90	482.15	2,20,05,012
May-16	721.35	582.00	22,08,773	721.80	583.40	2,12,69,893
Jun-16	766.00	689.00	16,91,858	765.00	688.15	1,82,00,909
Jul-16	837.30	689.00	40,73,823	837.20	688.95	3,61,17,642
Aug-16	923.50	767.00	40,43,362	924.00	810.80	3,29,82,382
Sep-16	988.00	875.30	23,03,143	984.75	871.35	1,89,28,591
Oct-16	1,020.00	895.00	20,21,224	1,020.00	894.90	2,24,41,085
Nov-16	946.85	803.50	13,04,937	936.90	804.40	1,71,64,695
Dec-16	992.05	882.10	13,61,276	990.00	881.70	1,57,84,030
Jan-17	1,052.05	930.50	21,07,061	1,051.75	929.25	1,92,98,822
Feb-17	1,144.20	995.10	9,55,671	1,143.80	995.10	98,17,612
Mar-17	1,161.85	1,015.00	10,03,262	1,162.90	1,017.55	1,27,25,905

II. Performance in comparison with broad based indices

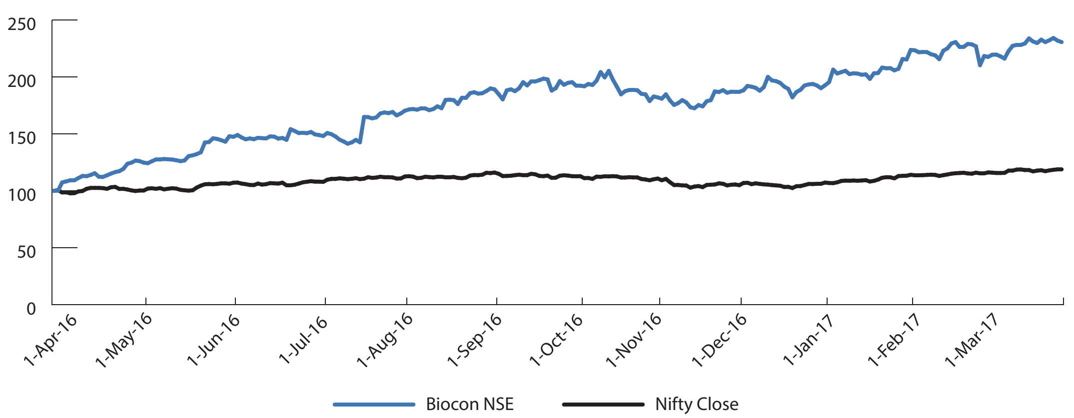
The chart below shows performance of the Company's share price in comparison to broad based indices such as BSE Sensex and NSE Nifty. The Biocon Management cautions that the stock price movement shown in the graph below should not be considered indicative of potential future stock price performance.

Biocon & BSE Sensex share price movement from April 1, 2016 to March 31, 2017.



Note: Share price of Biocon Limited and BSE Sensex have been indexed to 100 on April 1, 2016.

Biocon & S & P Nifty share price movement from April 1, 2016 to March 31, 2017.



Note: Share price of Biocon Limited and NSE Nifty have been indexed to 100 on April 1, 2016.

III. Share Transfer System:

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

IV. Dematerialization of shares and liquidity

99.77 % of the equity shares of the Company are in electronic form as on March 31, 2017. Trading in equity shares of the Company is permitted only in dematerialized form. The Company's equity shares are actively traded on both NSE and BSE. Substantial increase in daily trading activity of the Company's equity shares was witnessed during FY 2016-17 as compared to FY 2015 -16.

V. Distribution of Shareholding (category wise) as on March 31, 2017 is as under:

Category	No. of shares	% to Equity
Promoters (Indian & Foreign)	121,360,946	60.68
Foreign Institutional Investors	35,427,957	17.71
Mutual Funds, Banks, IFIs	6,725,931	3.36
NRIs & Foreign Nationals	2,376,919	1.19
Corporate Bodies	4,099,910	2.05
Trusts	7,812,176	3.91
Indian Public & Others	22,196,161	11.10
Total	200,000,000	100.00

VI. Distribution of shareholding by number of shares as on March 31, 2017 is as under:

Category	No. of Holders	% To Holders	No. of Shares	% To Equity
1 - 1000	98,420	97.68	91,45,919	4.57
1001 - 2000	1,029	1.02	15,43,058	0.77
2001 - 3000	343	0.34	8,72,209	0.44
3001 - 4000	179	0.18	6,48,380	0.32
4001 - 5000	132	0.13	6,22,874	0.31
5001 - 10000	247	0.25	18,45,984	0.92
10001 - 20000	131	0.13	19,04,957	0.95
20001 - 30000	53	0.05	13,55,012	0.68
30001 - 40000	19	0.02	6,41,159	0.32
40001 - 50000	30	0.03	13,30,520	0.67
50001 - 100000	62	0.06	44,00,966	2.20
100001 and above	116	0.12	17,56,88,962	87.84
TOTAL	1,00,761	100.00	20,00,00,000	100.00

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

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

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

The input pricing risk is managed through appropriate long term rate contracts and constant evaluation of alternate support sources for key raw materials. Company has an approved Foreign Exchange Risk Management Policy and accordingly, during the year ended March 31, 2017, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure and hedging are disclosed in note 39 of standalone financial statements.

IX. Plant Locations

1	2	3	4
20th KM, Hosur Road, Electronics City P.O. Bengaluru - 560 100	Biocon Park Plot No. 2, 3, 4 and 5 Bommasandra – Jigani Link Road Bengaluru – 560 099	Plot 213-215 IDA Phase-II, Pashamylaram Medak District - 502307 Andhra Pradesh, India	Plot No. 2, Road No. 21, JN Pharma City, IDA, Parvada, Vishakapatnam, 531021

X. Address for correspondence

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

Investor Relations (Institutional Investors & Research Analysts)
Mr. Saurabh Paliwal
Head - Investor Relations
Tel: 91 80 - 2808 2808
E-mail id: investor.relations@biocon.com

Corporate Governance & Compliance
Mr. Rajiv Balakrishnan
Company Secretary and Compliance Officer
Tel: 91 80 - 2808 2808
E-mail id: co.secretary@biocon.com

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

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

Registered Office.
Biocon Limited
20th K M, Hosur Road,
Electronics City P.O., Bengaluru - 560 100.

Your Company has also designated Co.secretary@biocon.com as an exclusive email ID for the purpose of Investor servicing and registering complaints which has been displayed on the Company's website.

C. Other Disclosures:

I. Materially significant related party transactions

During the financial year 2016-17, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Management, Directors or their relatives, Subsidiaries etc. that may have potential conflict with the interests of the Company at large. Your Company has formulated a policy on dealing with Related Party Transactions which specify the manner of entering into Related Party Transactions. This policy has also been posted on the website of the Company and can be accessed through web link http://www.biocon.com/docs/PolicyDocument_RelatedPartyTransaction_2015.pdf

II. Details of non-compliance:

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

III. Vigil mechanism and Whistle blower policy

The Vigil mechanism as envisaged in the Act and the rules prescribed thereunder and SEBI LODR is implemented through the Company's Whistle blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee. The address of the Chairman of the Audit and Risk Committee has been given in the policy for the employees, Directors, vendors, suppliers or other stakeholders associated with the Company to report any matters of concern. Whistle blower policy of the Company is available on the website of the Company and can be accessed through the web link http://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf

IV. Compliance with non-mandatory requirements:

Apart from complying with the mandatory requirements prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with a few non-mandatory requirements, such as

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

V. Material Subsidiary:

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

VI. Disclosures with respect to demat suspense account/ unclaimed suspense account

The Company does not have any securities in the demat suspense account/unclaimed suspense account.

VII. Code of Conduct

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

VIII. Code for Prevention of Insider Trading Practices

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

IX. Disclosure by senior management personnel

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

X. CEO/CFO Certification

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company have furnished to the Board, the requisite compliance certificate under Regulation 17(8) of SEBI LODR for the financial year ended March 31, 2017.

Declaration on Code of Conduct

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

I hereby certify that the Board members and senior management personnel of the Company have affirmed compliance with the Code of Ethics and Business Conduct for the year 2016-17.

For **BIOCON LIMITED**

(Sd/-)
Dr. Arun S Chandavarkar
Chief Executive Officer

Bengaluru
April 27, 2017

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Auditors' Certificate on Corporate Governance

To
The Members of Biocon Limited

We have examined the compliance of conditions of Corporate Governance by Biocon Limited, for the year ended 31 March 2017, as per regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations].

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion

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

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

Restriction on Use

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

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Business Responsibility Report

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L24234KA1978PLC003417
2. Name of the Company: BIOCON LIMITED
3. Registered address: 20th KM Hosur Road, Electronic City, Bangalore - 560100
4. Website : www.biocon.com
5. E-mail id : Co.secretary@biocon.com
6. Financial Year reported: 01.04.2016 to 31.03.2017
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

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

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

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

i) Statins

ii) Immunosuppressants

iii) Insulin

9. Total number of locations where business activity is undertaken by the Company

(a) Number of International Locations: 5 (United States of America, Switzerland, United Kingdom, Malaysia and Dubai)

(b) Number of National Locations: 3 Manufacturing Locations (Bengaluru, Hyderabad and Vishakhapatnam) + Marketing Offices in India

10. Markets served by the Company – Local/State/National/International

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹) : 1,000 Million
2. Total Turnover (₹) : 27,172 million
3. Total profit after taxes (₹): 5,193 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.%
5. List of activities in which expenditure in 4 above has been incurred:- Refer Annexure 9 of the Board's Report on CSR activities.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?** – Yes. The Company has 10 subsidiaries as on March 31, 2017
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) –**

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

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

SECTION D: BR INFORMATION

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

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

    i) DIN Number : 01596180

    ii) Name : Dr. Arun S Chandavarkar

    iii) Designation : CEO and Joint Managing Director

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

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

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

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

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

P3: Businesses should promote the wellbeing of all employees.

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

P5: Businesses should respect and promote human rights.

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

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

P8: Businesses should support inclusive growth and equitable development.

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

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

No.	Questions	P1 Ethics & Transparency	P2 Product Responsibility	P3 Wellbeing of employees	P4 Responsiveness to Stakeholders	P5 Respect Human Rights	P6 Environmental Responsibility	P7 Public policy advocacy@	P8 Support inclusive growth	P9 Engagement with Customers
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	N	Y	Y	N	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	N	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Refer to the table below	Y	Refer to the table below	Y*	Refer to the table below	http://www.biocon.com/biocon_aboutus_ehspolicy.asp	N	http://www.biocon.com/biocon_csr_about_policy.asp	http://www.biocon.com/biocon_invrelation_cor_code.asp?subLink=gover
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y (Policy being uploaded in local intranet)	Y	Y	Y	Y	N	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	N	Y	Y	N	N	Y

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

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

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

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

3. Governance related to BR

i) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:**

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

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

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

The hyperlink for viewing the report is http://www.biocon.com/biocon_invrelation_annualreports.asp?subLink=finance

SECTION E: Principle – wise performance

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

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

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

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

Closed	1
Pending Management Review	1
Yet to commence investigation**	2
Total	**4**

**Received during end of March, 2017.

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

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

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

   - Anti-cholesterol Agents
   - Human Insulin
   - Immunosuppresants

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

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

   Biocon believes that behaviours and practices throughout the value chain should contribute to sustainability. Our Company prefers to enter into long term commitments with those suppliers who fulfil their responsibility towards society as well as environment. Initiatives are taken to improve awareness about legal compliances, to enhance eco-friendly efficiencies and packaging/logistics improvements at the suppliers end. Supplier and transporter meets are held on a periodical basis where the Company engages and encourages them to undertake sustainable practices across supply chain. Company drives its distribution plan using an ERP (Enterprise Resource Planning) system to optimize freight cost. Our approach is to add value in such a manner that not only are our products affordable and accessible, but our practices are also sustainable and equitable.

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

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

The Company manufactures and distributes at its world class manufacturing facilities a wide range of small molecules, biosimilars and fermentation based products. With a diverse product portfolio and complex production processes, calculating our environmental performance per product poses unique challenges. However, the Company has taken several measures to reduce the consumption of energy and water. Biocon has adopted principles of natural resource conservation, reuse, reduce, recycle, waste minimization and renewable energy. All manufacturing units are certified for OHSAS 18001 and ISO 14001 standards.

The waste generated in the Company's operations is either recycled or disposed of in a responsible way in line with legal requirements. All manufacturing facilities are zero discharge facilities and 100% of wastewater is recycled and reused back in the process or utilities. Water consumption forms an important part of our agenda. At all our manufacturing units across India, efforts are continuously underway to reduce our fresh water consumption.

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

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

a. Sourcing & Vendor Consolidation

i. We believe that for strategic suppliers, in the interest of business, its best to have minimum touch-points at multiple levels. This helps in driving a common corporate message across without it having to fly through multiple channels. Towards this, sourcing strategies have been consolidated for all plants at our Bengaluru Headquarters. We strive to achieve a balance between the benefits of centralization and de-centralization.

ii. Consolidating vendors also helps us in keeping transactions to a minimum thereby minimizing operational loads. Consolidating requirements also helps in better planning and effective negotiations.

b. Green Supply Chain

i. Biocon has made tremendous strides in moving from animal-origin to recombinant supply base for some of our key product portfolio which includes Insulins. We believe this has contributed significantly to our environment friendly initiatives apart from being a social cause in itself.

ii. Sourcing team at Biocon focus on use of 'green solvents' which are non-petrochemicals based eg. Ethanol for majority of our business units thereby reducing the dependency on non-renewable forms of energy.

iii. Deployment of professional and regulatory compliant logistics providers helps in consolidating solvents deliveries which further helps in achieving reduction in fuel cost per unit of solvent consumed at Biocon.

c. Periodic Vendor Evaluation

i. All Suppliers (small, medium and large) are periodically evaluated on the basis of the supply performance. Matrices used to evaluate include OTIF (On-Time, In-Full Deliveries) & number of quality complaints.

ii. We conduct monthly reviews for each supply chain function to address issues with suppliers.

iii. We have also entrusted vendor evaluation to 3rd party international agencies like Dun & Bradstreet.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

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

a) Shorter turn-around times for delivery.

b) Quicker resolution of issues pertaining to material quality.

c) Contribute to the local economy thereby enhancing sustainability of our operations.

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

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

   Yes. A mechanism for recycling products as well as waste is in place in the Company. Since the Company is a Zero liquid discharge facility, 100% of wastewater is recycled and reused back in the process or utilities. STP treated water is used for gardening in Company premises thereby reducing usage of fresh water. Our Hyderabad unit has managed to reduce their water consumption by around 30%. 100% of the used solvents is recovered, a part of it is reused internally to reduce usage of fresh solvent and the rest is sent to recycling through our authorized recyclers. Efforts are made to further strengthen the recovery processes in a) Biologics b) Small molecules and c) cross functional projects to drive further reduction in utilities and solvents through novel technology platforms which will help in making significant progress towards long term reduction in consumption of fresh solvents.

Principle 3: Businesses should promote the wellbeing of all employees

Company is committed to promote diversity in work place, recognize the right to be heard and provide equal opportunity to all employees regardless of race, colour, religion, age, gender, sexual orientation, national origin, disability and other factors as may be covered in local labour laws. No child labour, unpaid or any form of involuntary labour is encouraged. Employees have the right to work in an environment free from any form of discrimination which can be considered harassing, coercive or disruptive, particularly behaviour that tantamount to sexual harassment.

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

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

2.	i)	**Please indicate the Total number of employees.**	4278
	ii).	**Please indicate the Total number of employees hired on temporary/contractual/casual basis.**	1466
	iii).	**Please indicate the Number of permanent women employees**	505
	iv).	**Please indicate the Number of permanent employees with disabilities**	5

3.	**Do you have an employee association that is recognized by management?**	No
4.	**What percentage of your permanent employees is members of this recognized employee association?**	NA
5.	**Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**	Child Labour – Nil Forced Labour – Nil Involuntary Labour – Nil Sexual Harassment(SH) – 7 SH Pending Closure – 3**

** Received in Mar 2017

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

	Skill Upgradation	Safety
Permanent Employees	74%	59%
Permanent Women Employees	98%	77%
Casual/Temporary/Contractual Employees	2%	100%
Employees with Disabilities	67%	83%

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

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes. The stakeholders have been mapped and the key categories are as below:

   i) Government and regulatory authorities

   ii) Employees

   iii) Customers

   iv) Local community

   v) Investors and shareholders

   vi) Suppliers

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

   Yes. The Company has identified the disadvantaged and marginalized stakeholders. Biocon Foundation – the CSR arm works with marginalized and under-served communities to promote social and economic inclusion by ensuring that these marginalized communities have equal access to healthcare services and educational opportunities.

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

   Biocon's CSR initiative has a vision to promote social and economic inclusion by ensuring that marginalised communities have equal access to healthcare services and educational opportunities.

   Healthcare

   We have focused on primary healthcare by establishing e LAJ smart clinics to ensure that rural poor have access to efficient health management via competent clinical care, generic medicines and standard diagnostic tests. We also provide services for early detection and prevention of non-communicable diseases like Cancers, Diabetes and Hypertension. The primary objective of the program is to eliminate health disparities among the poor, address social determinants of health, develop care pathways, educate and disseminate information on health and wellbeing.

   Education

   Since education holds the key to progress, Biocon has made concentrated efforts to empower rural Indian youth. Aiming to provide computer-aided learning, extra-curricular activities, life skills education and English language skills for rural children, the foundation has spearheaded several education programs such as Chinnara Ganitha, which seeks to strengthen the learning of basic maths concepts, Aata Paata Wadi, an after-school resource center for children from local government schools, Kelsa+, an initiative that tries to inexpensively reach out to low-income staff in Biocon's campuses.

   Community Development

   The Foundation also provides support for infrastructure in some of the villages like a community centre, primary health clinic, proper sanitation and safe drinking water, rain water harvesting facilities, water purification system etc. More importantly, Biocon has built a new village to resettle villagers of Mangalgudda in North Karnataka, which was washed away in floods a few years ago.

   The Company's efforts were directed at constructing 400 new houses equipped with toilets and solar lights for each house.

Principle 5: Businesses should respect and promote human rights

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

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

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

Received during the financial year 2016-17	2
Resolved during the financial year 2016-17	2
Percentage satisfactorily resolved	100%

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

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

   Yes. Biocon has a well defined Environment, Health & Safety Policy in place to motivate employees so as to minimize environmental impacts and to prevent injuries and ill health at workplace. It covers all our internal and external stakeholders and extends to the Group, Joint Ventures, suppliers, contractors and other stakeholders like NGOs who work with us. The policy is communicated to all our stakeholders to ensure that they are in compliance with the policy.

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

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

   Yes. Commitment pertaining to global warming, climate change and biodiversity is clearly stressed in the Company's EHS policy. Relevant projects and initiatives are in place.

   Hyperlink for the webpage: http://www.biocon.com/biocon_aboutus_ehspolicy.asp

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

   Yes. Aspect impact identification methodology is in place to assess and identify environmental risks for all the activities, new projects and any modifications.

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

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

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

   Currently we are exploring opportunities of registering a CDM project in the near future.

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

   Yes. Few of the energy efficiency, clean technology and renewable energy projects implemented at our sites are

   i) Installation of energy efficient Centrifugal air compressors.

   ii) Installation of LED lighting to replace fluorescent lamps

   iii) Power Trading through Indian Energy Exchange

   iv) Installation of energy efficient air blower motors.

   v) Reduction in CO2 emissions by using PNG (Piped natural gas) for Steam generation

   vi) 35% of our power requirements is sourced from wind energy

   vii) Installation of Solar Powered lighting.

   viii) Installation of waste steam recovery system.

   Intranet-link: https://bionetin.biocon.com/CE/EHS/IR/BP/_layouts/15/WopiFrame2.aspx?sourcedoc=/CE/EHS/IR/BP/Management_Review_Report/MRM %20report/06%20MRM%202016/02%20MRM%20-%20PDF.pdf&action=default

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

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

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

   There were no show cause/legal notices received from CPCB/SPCB which are pending as at the end of financial year 16-17.

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

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

   CII, IDMA, KDPMA, Karnataka Chamber of Commerce

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

   Biocon believes that its corporate social responsibility lies in creating a comprehensive and integrated ecosystem that can deliver affordable and effective healthcare to the less privileged among India's rural and urban population. We also support education initiatives that can impart better learning to the underprivileged students in rural schools and empower communities by providing proper infrastructure for self - sustained villages with health centres, community centres, schools, sanitation, water and source of light.

We understand that our CSR efforts must be collaborative, concentrated and comprehensive. It must integrate private and public sector participation, permeate social strata and expand its radius to reach the grassroots level – the poorest and the underserved citizens.

Primary Healthcare service through eLAJ –

Based on the core principles of integrated healthcare services, Biocon Foundation has introduced eLAJ Smart Clinics across Karnataka and Rajasthan. Each clinic has state of the art diagnostic equipment, clinic and patient management software along with doctors, technicians. The e-clinics provide access to preventive and primary healthcare, supported with robust screening and early detection programs, digital record of patient's case file on the eLAJ electronic medical record system. The multi parameter monitor (MPM) in the clinic collects the following vitals - blood pressure, temperature, Random Blood Sugar, SPo2, pulse rate, height and weight.

Preventive healthcare –

Biocon Foundation's primary healthcare program is well supported by our population based screening programmes and specialist clinics.

Early Detection and Prevention of Oral Cancer – mhealth Program:

Eighty percent of the burden of oral cancer occurs in low-resource settings due to delayed presentation. A community approach, to ensure last mile reach is critical to making this program impactful. Biocon Foundation introduced the mHealth approach (mobile health) to connect specialists to remote rural populations. Implemented since 2011, this program has reached around 20,000 people individually & obtained risk profile and images of the lesions electronically. This program has empowered Community Health Workers who are capable of identifying oral lesions & monitoring high risk groups. Biocon is now running several pilots with the Government of Karnataka (GoK) facilitate integration with the government screening programs.

Detection and Prevention of Cervical Cancer Screening:

The high incidence of cervical cancer among Indian women is a growing public health concern.

Biocon Foundation has addressed this since May 2013 by developing a comprehensive program which not only looks towards preventive mechanisms, but also provides support services through free screening and subsidized treatment.

The program focuses on

a) Community information and education.

b) Conducting monthly screening services that includes Pap smear, pelvic, breast and bimanual examination.

c) Effective follow-up and referral for further diagnosis and/or treatment services at our tertiary care centres.

Breast Cancer Screening:

Biocon Foundation has introduced a hand held device called Intelligent Breast Exam (iBE) in order to conduct breast screening in its field practice areas. It is designed for geographies where most cancer cases are detected at a later stage or where there is limited/ no access to early detection of breast cancer. The device has an accuracy to detect clinically relevant breast lesions that is higher than 85%. This device can be easily used by any health-worker or doctor. It's a pain free process without radiation. This device has helped the health worker conduct house to house Breast cancer screening.

Diabetes and Hypertension:

We have built and successfully executed a multi-pronged holistic strategy to manage Non Communicable Diseases with a focus on diabetes and hypertension. Health Promotion and prevention strategies are conducted in the communities to encourage healthy life styles and reduce the incidence of integrated risk factors. In addition, we have incorporated psychosocial counselling to meet the emotional, social and mental health needs of patients. We conduct early diagnosis through a combination of periodic and opportunistic screening of communities and provide handholding and referrals as and when required.

Balaspandana - Management of Malnutrition:

This program supports the government's anganwadis by ensuring that children with Severe Acute Malnutrition (SAM Children), receive regular health check-ups, prescribed medicines and nutritional supplements. This program has reached 1, 25, 000 malnourished children under the age of 5 years in Bagalkot district in Karnataka.

Education:

The Company spearheaded several education programs such as Chinnara Ganitha, which seeks to strengthen the learning of basic maths concepts, Aata Paata Wadi, an after-school resource centre for children from local government schools, Kelsa+, an initiative that provides access to internet connected computers and encourages informal self-paced learning. This program is run for support staff in the Company.

Community Development:

Community and School sanitation

In line with the Swachh Bharat Mission and Swachh Vidyalaya program, we have constructed toilets in 5 government primary schools - 3 in Anekal Taluk near Bangalore and 2 in Badami in Bagalkot District. We have also built 1000 plus household toilets in Anekal and Bagalkot districts in Karnataka

Project One

Project One is a community drinking water initiative. Through this program we have installed water purification systems with RO and UV technology which provide potable drinking water to the communities we serve. The system has a capacity of purifying 500 litres of water in one hour and can provide drinking water to communities of 5,000 members. We have installed these community water points in 3 locations.

Biocon Nagar

Biocon Nagar is a village that consists of 411 houses that were built by Biocon Foundation for the Mangalgudda community that was displaced by the floods of 2009. Each house has solar lights and an independent toilet. The foundation has built a clinic for the community, which provides medical consultation, medicines and diagnostic tests. A school and community centre are also being built.

Girls' Hostel

Biocon Foundation in collaboration with Shri V.R. Deshpande Memorial Trust has established a ladies hostel for the economically weaker sections of the society in Haliyal, North Karnataka. The hostel has dormitories with provision for 65 women. Young girls from surrounding and distant villages come to Haliyal to learn vocational skills. This hostel provides safe and free accommodation for them.

Biocon Academy

We have established Biocon Academy a centre for excellence of advanced learning in applied bio sciences. This platform provides industry oriented training programs and makes students industry ready.

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

   The CSR initiatives are primarily implemented in house and grants are provided for NGOs that are doing impactful work.

   The Foundation has carried out these programs in the domain of Healthcare, Education and Community Development for the past 12 years. We also support NGOS with small grants to implement projects.

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

   Impact assessments are conducted continuously for some programs and at intervals for other programs.

   - The primary healthcare program is monitored and assessed on a continuous basis through live dashboards. Below is a snapshot of information from the dashboard:
   - Annual patient footfall recorded is more than 1,00,000 across 14 clinics (8 Biocon Foundation clinics, 5 Government of Rajasthan primary health centres and 1 Government of Karnataka primary health centre). Disease profiles in each community is populated by the dashboard. This helps with Public Health planning and developing better public health policies. A listing of patients suffering from diseases can also be made available to facilitate follow up.
   - Control rates of Non Communicable Diseases (NCDs), compliance with medications, progress of illnesses can be monitored and patients can be counselled frequently.
   - Effective follow up and referrals for patients visiting the clinic is possible. The clinics have created a complete care pathway to address health concerns of the community.
   - Accuracy of eLAJ data and data presentation through eLAJ dashboard for project evaluation are also impact indicators for the project.

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

   Refer Annexure 8 of Boards' report on Corporate Social Responsibility.

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

   Yes. The steps taken to ensure that the programs are successfully adopted by the community can be illustrated with a few examples –

   - Increase in patient footfall in all the clinics show that the community is using our services. We have tried to strengthen preventive and primary health services to reduce the burden on larger tertiary centres and reduce the number of in patients.
   - Regular awareness and sensitization programs are conducted for the beneficiaries by a dedicated team of health workers – the last mile reach in the community. We use IEC material to train and educate our health workers, and to create awareness amongst our beneficiaries about diseases and screening programs. Doctor's consultation, lab tests and medicines are provided at subsidized cost.
   - For non-communicable diseases, health promotion and prevention strategies are conducted in the communities to encourage healthy life styles and reduce the incidence of integrated risk factors.
   - We have introduced Diabetes educator and counsellor who helps the patients with key self-care points about diet, exercise and drug compliance for optimal management of blood sugars.
   - Behaviour change education is given to care givers of malnourished children. Health camps and regular growth monitoring of under nourished children has facilitated an upward growth trend in these children

- Rigorous training for care givers of malnourished children, providing nutritional supplements and growth monitoring of under nourished children in health camps have reduced outliers.
- Cancer screening in low resource settings and quality care and referral has encouraged more individuals to participate in the screening process.
- Follow up and referrals as and when required have increased the patient footfall in our clinics.
- Training on operation and maintenance of school sanitation units have helped in maintaining the toilet facilities.
- Introducing a subscription mechanism for drinking water for Project one has helped the community maintain the water purification system.

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

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

   There are no customer complaints/consumer cases pending as on the end of financial year.

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

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

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

   NIL.

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

   No. However company is in process of conducting a formal survey for the financial year 2017-18.

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Independent Auditor's Report

To the Members of Biocon Limited

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

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

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Other matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 26 April 2016 and 29 April 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

    i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer note 36 to the standalone Ind AS financial statements;

    ii. provision has been made in the financial statements, as required under the applicable law or accounting standards, for the material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer note 39 to the standalone Ind AS financial statements;

    iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

    iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer note 37 to the standalone Ind AS financial statements.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Annexure - A to the Independent Auditor's Report

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

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

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

(c) According to the information and explanations given to us and basis our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for one immovable property amounting to ₹ 35 million as at 31 March 2017 for which the Company is in the process of obtaining registration.

(ii) Inventories apart from goods in transit and inventories lying with outside parties have been physically verified by the Management during the year and the discrepancies noticed on such verification between the physical stock and book records were not material. In our opinion, the frequency of such verification is reasonable. Inventories lying with outside parties has been substantially confirmed by them as at the year-end and no material discrepancies were noticed in respect of such confirmations.

(iii) The Company has granted loan to a Company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the company listed in the register maintained under Section 189 of the Act was not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loan granted covered in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the principal and interest as stipulated.

(c) There are no overdue amounts in respect of the loan granted to a company covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made and, guarantees and securities given.

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

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, excise duty, service tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities.

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

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

Name of the statute	Nature of dues	Amount disputed (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	4	4	1996-97	Supreme Court
Income-tax Act, 1961	Income Tax	1,207	111	2009-10, 2012-13 & 2013-14	Commissioner (Appeals)
Income-tax Act, 1961	Income Tax	1,053	117	2008-09, 2010-11, & 2011-12	Income Tax Appellate Tribunal ("ITAT")
Income-tax Act, 1961	Income Tax	4	4	1997-98	High Court
Finance Act, 1994	Service Tax	54	-	March 2010, April 2009 to March 2013. March 2009 to December 2011, July 2009 to March 2013	Commissioner (Appeals)
Finance Act, 1994	Service Tax	91	-	May 2006 to September 2010, October 2010 to March 2011, March 2006 to March 2010. 2007-08	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT")

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
Finance Act, 1994	Service Tax	1	-	January 2009 to May 2012, June 2010 to June 2012	Additional Commissioner
Finance Act, 1994	Service Tax	11	-	April 2014 to March 2015	Principal Commissioner, LTU
Value added tax Act, 2005	Value Added Tax	1	-	2006-07	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	361	53	April 2005 to March 2008 2006-07 to 2008-09 2009-10 to 2012-13	CESTAT
The Central Excise Act, 1944	Excise Duty	1	-	2009-10 to 2012-13	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	15	-	2007-08 to 2011-12 September 2013 to October 2013	Commissioner (Appeals)
The Customs Act, 1962	Customs Duty	4	3	1994 till 2008	CESTAT
The Customs Act, 1962	Customs Duty	4	4	2005 till 2011	Commissioner (Appeals)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions or government. The Company did not have any borrowings during the year by way of debentures.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the year. The term loans raised by the Company have been applied for the purpose for which they were raised.

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

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

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

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

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

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

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

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Balance Sheet as at March 31, 2017

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

	Note	March 31, 2017	March 31, 2016	April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	8,649	8,596	8,527
Capital work-in-progress	3	2,408	1,723	576
Investment property	4	439	439	459
Intangible assets	5	292	342	156
Financial assets				
(i) Investments	6	33,635	32,106	32,492
(ii) Loans	7	1,923	1,584	2,447
(iii) Other financial assets	8(a)	243	670	373
Income-tax asset (net)		414	428	415
Deferred tax asset (net)	18	1,054	-	-
Other non-current assets	9(a)	1,847	1,382	1,471
Total non-current assets		**50,904**	**47,270**	**46,916**
Current assets				
Inventories	10	5,396	5,046	4,359
Financial assets				
(i) Investments	11	5,247	5,983	1,018
(ii) Trade receivables	12	7,982	5,038	5,033
(iii) Cash and cash equivalents	13	3,416	2,903	3,219
(iv) Bank balances other than (iii) above	13	413	3,527	3,383
(v) Other financial assets	8(b)	983	990	607
Other current assets	9(b)	348	224	194
Total current assets		**23,785**	**23,711**	**17,813**
TOTAL		**74,689**	**70,981**	**64,729**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14(a)	1,000	1,000	1,000
Other equity		64,411	58,966	56,341
Total equity		**65,411**	**59,966**	**57,341**
Non-current liabilities				
Financial liabilities				
(i) Borrowings	15	1,324	1,365	114
(ii) Other financial liabilities	16(a)	2	7	6
Provisions	17(a)	133	95	-
Deferred tax liability (net)	18	-	9	282
Other non-current liabilities	19(a)	767	913	905
Total non-current liabilities		**2,226**	**2,389**	**1,307**
Current liabilities				
Financial liabilities				
(i) Borrowings	20	-	2,255	561
(ii) Trade payables	21	4,505	3,944	3,008
(iii) Other financial liabilities	16(b)	663	910	1,385
Provisions	17(b)	320	285	325
Income-tax liability (net)		777	729	584
Other current liabilities	19(b)	787	503	218
Total current liabilities		**7,052**	**8,626**	**6,081**
TOTAL		**74,689**	**70,981**	**64,729**

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 27, 2017

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

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

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

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	22	26,184	23,354
Other income	23	988	1,731
Total income		27,172	25,085
Expenses			
Cost of raw materials and packing materials consumed	24	9,915	9,479
Purchases of traded goods		902	760
Changes in inventories of traded goods, finished goods and work-in-progress	25	(465)	(364)
Excise duty		305	336
Employee benefits expense	26	3,650	3,219
Finance costs	27	38	19
Depreciation and amortisation expense	28	1,506	1,397
Other expenses	29	5,963	5,754
		21,814	20,600
Less: Recovery of product development costs from co-development partners (net)	30	(4)	(48)
Total expenses		21,810	20,552
Profit before tax and exceptional item		5,362	4,533
Exceptional items, net	33	-	1,061
Profit before tax		5,362	5,594
Tax expense	35		
Current tax		1,269	2,175
Less: MAT credit entitlement		(1,172)	-
Deferred tax		72	(267)
Total tax expense		169	1,908
Profit for the year		5,193	3,686
Other comprehensive income/ (expense)			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(27)	(16)
Income tax effect		9	6
		(18)	(10)
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		149	-
Income tax effect		(47)	-
		102	-
Other comprehensive income/ (expense) for the year, net of taxes		84	(10)
Total comprehensive income for the year		5,277	3,676
Earnings per share	32		
Basic (in ₹)		26.45	18.78
Diluted (in ₹)		26.27	18.76

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

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

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

(A) Equity share capital	March 31, 2017	March 31, 2016
Opening balance	1,000	1,000
Changes in equity share capital	-	-
Closing balance	**1,000**	**1,000**

(B) Other equity

Particulars	Securities premium reserve	Revaluation reserve	General reserve	Retained earnings	SEZ re-investment reserve	Share based payment reserve	Treasury shares	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity
Balance at April 01, 2015	**2,788**	**9**	**3,458**	**50,180**	**-**	**328**	**(427)**	**-**	**5**	**56,341**
Profit for the year	-	-	-	3,686	-	-	-	-		3,686
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(10)	(10)
Transactions recorded directly in equity										
Dividend including dividend distribution tax	-	-	-	(1,107)	-	-	-	-	-	(1,107)
Purchase of Treasury shares	-	-	-	-	-	-	(150)	-	-	(150)
Share based payment	-	-	-	-	-	107	-	-	-	107
Exercise of share options	-	-	-	99	-	-	-	-	-	99
Balance at March 31, 2016	**2,788**	**9**	**3,458**	**52,858**	**-**	**435**	**(577)**	**-**	**(5)**	**58,966**
Profit for the year	-	-	-	5,193	-		-	-	-	5,193
Other comprehensive income, net of tax	-	-	-	-	-		-	102	(18)	84
Transactions recorded directly in equity										
Share based payment	-	-	-	-	-	125	-	-	-	125
Purchase of Treasury shares	-	-	-	-	-	-	(150)	-	-	(150)
Transfer to Special Economic Zone ('SEZ') re-investment reserve	-	-	-	(162)	162	-	-	-	-	-
Transfer from SEZ re-investment reserve on utilization	-	-	-	162	(162)	-	-	-	-	-
Exercise of share options	120	-	-	193	-	(120)	-	-	-	193
Balance at March 31, 2017	**2,908**	**9**	**3,458**	**58,244**	**-**	**440**	**(727)**	**102**	**(23)**	**64,411**

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022
S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer
Bengaluru
April 27, 2017

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

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

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

		March 31, 2017	March 31, 2016
I	Cash flows from operating activities		
	Profit for the year	5,193	3,686
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation expense	1,506	1,397
	Unrealised foreign exchange (gain)/loss	213	55
	Share-based compensation expense	125	107
	Provision/(reversal of provision) for doubtful debts	16	(43)
	Bad debts written off	-	8
	Interest expense	38	19
	Interest income	(669)	(727)
	Net gain on financial assets measured at fair value through profit or loss	(69)	-
	Dividend income	(13)	(618)
	Net gain on sale of investments	(39)	(1,077)
	Tax expense	169	1,908
	Operating profit before working capital changes	6,470	4,715
	Movements in working capital		
	Decrease/(increase) in inventories	(350)	(687)
	Decrease/(increase) in trade receivables	(3,077)	(165)
	Decrease/(increase) in other assets	(736)	(1,123)
	Increase/(decrease) in trade payable, other liabilities and provisions	758	1,397
	Cash generated from operations	3,065	4,137
	Direct taxes paid (net of refunds)	(1,207)	(2,052)
	Net cash flow generated from operating activities	1,858	2,085
II	Cash flows from investing activities		
	Purchase of tangible assets	(2,276)	(2,202)
	Acquisition of intangible assets	(31)	(232)
	Proceeds from sale of fixed assets	2	7
	Loan given to subsidiaries	(957)	(1,979)
	Recovery of loans from subsidiaries	1,162	3,707
	Purchase of investments	(28,008)	(34,350)
	Proceeds from sale of investments	25,007	35,254
	Investment in bank deposits and inter corporate deposits	(3,250)	(6,944)
	Redemption/maturity of bank deposits and inter corporate deposits	8,679	2,395
	Interest received	763	515
	Dividend received	13	618
	Net cash flow generated from/(used in) investing activities	1,104	(3,211)
III	Cash flows from financing activities		
	Purchase of Treasury shares	(150)	(150)
	Proceeds from Exercise of share options	193	99
	Proceeds from long-term borrowings	-	1,324
	Repayment of long-term borrowings	(75)	(140)
	Proceeds/(repayment) of short-term borrowings (net)	(2,312)	1,716
	Dividend paid on equity shares including tax thereon	-	(2,107)
	Interest paid	(39)	(12)
	Net cash flow generated from/(used in) financing activities	(2,383)	730

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

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

		March 31, 2017	March 31, 2016
IV	Net increase/(decrease) in cash and cash equivalents (I + II + III)	579	(396)
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	(64)	78
VI	Cash and cash equivalents at the beginning of the year	2,901	3,219
VII	Cash and cash equivalents at the end of the year (IV + V + VI)	**3,416**	**2,901**
	Reconciliation of cash and cash equivalents as per statement of cash flow		
	Cash and cash equivalents (Note 13)		
	Balances with banks - on current accounts	3,410	2,653
	- on unpaid dividend accounts*	6	10
	Deposits with original maturity of less than 3 months	-	240
		3,416	**2,903**
	Bank overdrafts/Cash credits (Note 20)	-	(2)
	Balance as per statement of cash flows	**3,416**	**2,901**

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

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

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

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

1. Company Overview

1.1 Reporting entity

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

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

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

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 41.

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

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

b) Functional and presentation currency

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

c) Basis of measurement

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

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

d) Use of estimates and judgements

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

Judgements

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

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 39 — Financial instruments;
- Note 2(b), 2(c) and 2(d) — Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 38 — Assets and obligations relating to employee benefits;
- Note 31 — Share based payments; and
- Note 2(l) and 35 — Provision for income taxes and related tax contingencies and Evaluation of Recoverability of deferred tax assets.

1.3 Assumptions and estimation uncertainties

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

— Note 18 and 35 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

— Note 39 – impairment of financial assets; and

— Note 17 and 36 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

1.4 Measurement of fair values

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

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

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

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

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

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

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

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

— Note 31 – share based payment arrangements;

— Note 4 – investment property; and

— Note 2(a) and 39 – financial instruments.

2. Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 39 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

vi. Treasury shares

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

vii. Cash and cash equivalents

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

Cash dividend to equity holders

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

b. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Depreciation

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

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Roads	5 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	

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

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

c. Intangible assets

Internally generated: Research and development

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

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

Others

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

i. Subsequent expenditure

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

ii. Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

—	Computer software	3-5 years
—	Marketing and Manufacturing rights	5-10 years
—	Customer related intangibles	5 years

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

d. Investment property

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

Based on technical evaluation and consequent advice, the management believes a period of 25 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties over a period of 25 years on a straight-line basis. The useful life estimate of 25 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years.

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

e. Business combination

In accordance with Ind AS 103, Business combinations, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company (see Note 42). The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

f. Inventories

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

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

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

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

g. Impairment

i. Impairment of financial assets

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

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

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

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

ii. Impairment of non-financial assets

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

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

h. Employee benefits

i. Gratuity

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

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

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

ii. Provident Fund

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

iii. Compensated absences

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

iv. Share-based compensation

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

i. Provisions (other than for employee benefits)

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

Onerous contracts

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

j. Revenue

i. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimate reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances.

ii. *Milestone payments and out licensing arrangements*

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

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

iii. *Sales Return Allowances*

The Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Company's estimate of expected sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.

iv. *Dividends*

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

v. *Rental income*

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

vi. *Contribution received from customers/co-development partners towards plant and equipment*

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

k. Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are deducted in reporting the related expense.

l. Income taxes

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

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

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

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

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

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

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

m. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

n. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

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

	Land [Refer note (a)]	Buildings	Leasehold improvements	Plant and equipment [Refer note (b)]	Research and development equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress [Refer note (e)]
Gross carrying amount									
At April 01, 2015	346	3,440	6	11,973	1,148	393	44	17,350	576
Additions	130	381	-	832	15	43	6	1,407	2,554
Disposals	-	-	-	(77)	-	-	(6)	(83)	(1,407)
At March 31, 2016	**476**	**3,821**	**6**	**12,728**	**1,163**	**436**	**44**	**18,674**	**1,723**
Additions	88	89	-	1,164	66	42	11	1,460	2,145
Disposals	-	(1)	-	(10)	-	(2)	(5)	(18)	(1,460)
At March 31, 2017	564	3,909	6	13,882	1,229	476	50	20,116	2,408
Accumulated depreciation									
At April 01, 2015	-	879	1	6,966	745	215	17	8,823	-
Depreciation for the year	-	149	-	1,040	86	50	6	1,331	-
Disposals	-	-	-	(74)	-	-	(2)	(76)	-
At March 31, 2016	**-**	**1,028**	**1**	**7,932**	**831**	**265**	**21**	**10,078**	**-**
Depreciation for the year	-	158	-	1,109	78	54	6	1,405	-
Disposals	-	-	-	(9)	-	(2)	(5)	(16)	-
At March 31, 2017	-	1,186	1	9,032	909	317	22	11,467	-
Net carrying amount									
At April 01, 2015	346	2,561	5	5,007	403	178	27	8,527	576
At March 31, 2016	476	2,793	5	4,796	332	171	23	8,596	1,723
At March 31, 2017	564	2,723	5	4,850	320	159	28	8,649	2,408

(a) Land includes land held on leasehold basis: Gross carrying amount ₹ Nil (March 31, 2016 - ₹ 236); Net carrying amount ₹ Nil (March 31, 2016 - ₹ 236).

(b) Plant and equipment include computers and office equipment.

(c) Additions to property, plant and equipment includes additions related to research and development amounting to ₹ 250 (March 31, 2016 - ₹ 35).

(d) During the year ended March 31, 2016, the Company had acquired the business of the pharmaceutical manufacturing unit of M/s. Acacia Lifesciences Private Limited located at Vishakhapatnam with effect from October 01, 2015. Also refer note 42.

(e) Capital work-in-progress mainly comprises new biopharmaceutical manufacturing unit being constructed in India.

(f) For details of security on certain property, plant and equipment, refer note 15(b)

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4. Investment property

Gross carrying amount	
At April 01, 2015	533
Additions	-
At March 31, 2016	**533**
Additions	20
At March 31, 2017	**553**
Accumulated depreciation	
At April 01, 2015	74
Depreciation for the year	20
At March 31, 2016	**94**
Depreciation for the year	20
At March 31, 2017	**114**
Net carrying amount	
At April 01, 2015	459
At March 31, 2016	439
At March 31, 2017	439

During the year, the Company has recognised rental income of ₹ 109 (March 31, 2016 - ₹ 107) and depreciation charge of ₹ 20 (March 31, 2016 - ₹ 20) in the statement of profit and loss for investment property.

The fair value of investment property as at March 31, 2017 is ₹ 479 (March 31, 2016 - ₹ 495; April 1, 2015 - ₹ 510).

5. Intangible assets

	Intellectual property rights	Computer software	Marketing and Manufacturing rights [Refer note (a)]	Customer related intangibles [Refer note (b)]	Total
Gross carrying amount					
At April 01, 2015	81	163	193	-	437
Additions	-	54	101	77	232
At March 31, 2016	**81**	**218**	**294**	**77**	**669**
Additions	-	31	-	-	31
At March 31, 2017	**81**	**249**	**294**	**77**	**700**
Accumulated amortisation					
As at April 01, 2015	81	59	141	-	281
Amortisation for the year	-	27	12	8	46
At March 31, 2016	**81**	**86**	**153**	**8**	**327**
Amortisation for the year	-	39	27	15	81
At March 31, 2017	**81**	**125**	**180**	**23**	**408**
Net carrying amount					
At April 01, 2015	-	104	52	-	156
At March 31, 2016	-	132	141	69	342
At March 31, 2017	-	124	114	54	292

(a) Pursuant to an asset purchase agreement with a customer executed during the year ended March 31, 2016, the Company had acquired the marketing and manufacturing rights of a product for a sum of ₹ 101.

(b) Also refer note 42 for acquisition of customer related intangible as part of business acquired from M/s. Acacia Lifesciences Private Limited.

	March 31, 2017	March 31, 2016	April 01, 2015
6. Non-current investments			
I. Quoted equity instruments			
In subsidiary company at cost:			
Syngene International Limited - 145,217,843 (March 31, 2016 - 145,217,843; April 01, 2015 - Nil) equity shares of ₹ 10 each [refer note 33]	27,591	27,591	-
Total quoted non-current investments	27,591	**27,591**	**-**
II. Unquoted equity instruments			
In subsidiary companies at cost:			
Syngene International Limited - Nil (March 31, 2016 - Nil; April 01, 2015 - 167,217,843) equity shares of ₹ 10 each [refer note 33]	-	-	31,771
Biocon Research Limited - 500,000 (March 31, 2016 - 500,000; April 01, 2015 - 500,000) equity shares of ₹ 1 each	1	1	1
Biocon SA, Switzerland - 100,000 (March 31, 2016 - 100,000; April 01, 2015 - 100,000) equity shares of CHF 1 each	4	4	4
Biocon Sdn. Bhd., Malaysia - Nil (March 31, 2016 - Nil; April 01, 2015 - 4,853,734) equity shares of RM 10 each [refer note 33]	-	-	712
Biocon FZ LLC, UAE - 150 (March 31, 2016 - 150; April 01, 2015 - Nil) equity shares of AED 1,000 each	3	3	-
Biocon Pharma Limited - 12,050,000 (March 31, 2016 - 5,050,000; April 01, 2015 - 50,000) equity shares of ₹ 10 each	121	51	1
Biocon Biologics Limited, UK - 47,183,101 (March 31, 2016 - 47,183,101; April 01, 2015 - Nil) equity shares of GBP 1 each	4,453	4,453	-
Biocon Academy - 50,000 (March 31, 2016 - 50,000; April 01, 2015 - 50,000) equity shares of ₹ 10 each	1	1	1
In joint venture company:			
NeoBiocon FZ LLC, UAE - 147 (March 31, 2016 - 153; April 01, 2015 - 153) equity shares of AED 1,000 each	2	2	2
In others:			
Energon KN Wind Power Private Limited - 38,500 (March 31, 2016 - Nil; April 01, 2015 - Nil) equity shares of ₹ 10 each	1	-	-
Less: Provision for decline, other than temporary, in the value of non current investments	(1)	-	-
Total unquoted investments in equity instruments	4,585	**4,515**	**32,492**
III. Unquoted preference shares			
In associate company:			
IATRICa Inc., USA - 4,285,714 (March 31, 2016 - 4,285,714; April 01, 2015 - 4,285,714) Series A Preferred Stock at US$ 0.70 each, par value US $ 0.00001 each	139	139	139
Less: Provision for decline, other than temporary, in the value of non-current investments	(139)	(139)	(139)
Total unquoted investments in preference shares in associate company	-	-	-
Others:			
Vaccinex Inc., USA - 2,722,014 (March 31, 2016 - 2,722,014; April 01, 2015 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, par value US $0.001 each	186	186	186
Vaccinex Inc., USA - 217,972 (March 31, 2016 - 217,972; April 01, 2015 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, par value US $0.001 each	32	32	32
Less: Provision for decline, other than temporary, in the value of non-current investments	(218)	(218)	(218)
	-	-	-
Energon KN Wind Power Private Limited - 14,666 (March 31, 2016 - Nil; April 01. 2015 - Nil) Compulsorily Convertible Preference Shares, par value ₹ 100 each	1	-	-
Less: Provision for decline, other than temporary, in the value of non current investments	(1)	-	-
	-	-	-
Total unquoted investments in preference shares	-	-	-
IV. Unquoted debentures or bonds			
Others:			
LIC Housing Finance Co Ltd - 700 (March 31, 2016 - Nil; April 01, 2015 - Nil) 7.51% bonds at ₹ 1,001,120 each, par value ₹ 1,000,000 each	701	-	-
HDFC Ltd - 75 (March 31, 2016 - Nil; April 01, 2015 - Nil) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	758	-	-
Total unquoted investments in debentures or bonds	1,459	-	-
Total non-current investments	33,635	**32,106**	**32,492**
Aggregate book value of quoted investments	27,591	27,591	-
Aggregate market value of quoted investments	75,622	55,800	-
Aggregate value of unquoted investments	6,403	4,872	32,849
Aggregate amount of impairment in value of investments	359	357	357

(a) The Company has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2017	March 31, 2016	April 01, 2015
7. Loans			
Unsecured, considered good			
Loans to subsidiaries [refer note 34]	1,923	1,584	2,447
	1,923	1,584	2,447
Loans to related parties comprise loans to the following subsidiaries:			
(i) Biocon Research Limited	1,923	1,455	2,447
Maximum amount outstanding during the year	1,965	4,799	3,053
(ii) Biocon Pharma Limited	-	129	-
Maximum amount outstanding during the year	260	179	-
8. Other financial assets			
(a) Non-current			
Fair value of hedging instruments	14	16	26
Interest accrued but not due	-	26	-
Deposits	179	173	166
Other receivables from related parties [refer note 34]	50	455	181
	243	670	373
(b) Current			
Fair value of hedging instruments	128	23	143
Interest accrued but not due	173	241	55
Unbilled revenue	-	-	108
Other receivables from:			
Related parties [refer note 34]	670	705	285
Others	12	21	16
	983	990	607
9. Other assets			
(a) Non-current			
Capital advances	409	430	274
Duty drawback receivable	329	313	326
Balances with statutory/government authorities	1,101	631	858
Prepayments	8	8	13
	1,847	1,382	1,471
(b) Current			
Prepayments	348	224	194
	348	224	194
10. Inventories			
Raw materials, including goods-in-bond*	988	1,166	957
Packing materials	386	323	209
Work-in-progress	2,494	1,569	1,316
Finished goods	1,305	1,726	1,628
Traded goods	223	262	249
	5,396	5,046	4,359

* includes goods in-transit ₹ Nil (March 31, 2016 - ₹ 151; April 01, 2015 - ₹ Nil)

Write-down of inventories to net realisable value amounted to ₹ 3 (March 31, 2016 - ₹ 3). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

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	March 31, 2017	March 31, 2016	April 01, 2015
11. Current investments			
Unquoted			
Investment in mutual funds			
Birla Sun Life Short Term Fund- Growth 14,572,296 units (March 31, 2016 - Nil units; April 01, 2015 - Nil units)	907	-	-
DHFL Pramerica Banking & PSU Debt Fund GR 6,602,593 units (March 31, 2016 - Nil units; April 01, 2015 - Nil units)	93	-	-
Axis Liquid Fund - Daily Dividend Reinvestment Nil units (March 31, 2016 - Nil units; April 01, 2015 - 98,005 units)	-	-	98
DWS Banking & PSU Debt Fund - Weekly Dividend Reinvestment Nil units (March 31, 2016 - 70,409,716 units; April 01, 2015 - Nil units)	-	724	-
Edelweiss Banking & PSU Debt Fund - Regular Plan Growth 20,407,166 units (March 31, 2016 - Nil units; April 01, 2015 - Nil units)	276	-	-
HDFC Liquid Fund - Daily Dividend Reinvestment Nil units (March 31, 2016 - Nil units; April 01, 2015 - 13,566,785 units)	-	-	138
HDFC Medium Term Opportunities Fund - Regular Plan - Growth 27,762,046 units (March 31, 2016 - Nil units; April 01, 2015 - Nil units)	503	-	-
HDFC Short Term Opportunities Fund - Regular Plan - Growth 22,489,571 units (March 31, 2016 - Nil units; April 01, 2015 - Nil units)	405	-	-
IDFC Cash Fund - Daily Dividend Regular Plan Nil units (March 31, 2016 - Nil units; April 01, 2015 - 158,344 units)	-	-	159
JP Morgan Banking & PSU Debt Fund - Weekly Dividend Reinvestment Option Nil units (March 31, 2016 - 24,569,495 units; April 01, 2015 - Nil units)	-	258	-
Reliance Banking & PSU Debt Fund Weekly Dividend Plan Nil units (March 31, 2016 - 46,064,513 units; April 01, 2015 - Nil units)	-	465	-
Reliance Banking & PSU Debt Fund - Growth 72,201,894 units (March 31, 2016 - Nil units; April 01, 2015 - Nil units)	851	-	-
Reliance Liquidity Fund - Daily Dividend Reinvestment Option Nil units (March 31, 2016 - Nil units; April 01, 2015 - 135,112 units)	-	-	135
SBI Premier Liquid Fund - Regular Plan - Daily Dividend Nil units (March 31, 2016 - 73,826 units; April 01, 2015 - Nil units)	-	74	-
Tata Fixed Maturity Plan Series 47 Scheme C - Plan A - Growth Nil units (March 31, 2016 - Nil units; April 01, 2015 - 15,000,000 units)	-	-	150
Tata Liquid Fund - Plan A - Daily Dividend Nil units (March 31, 2016 - Nil units; April 01, 2015 - 146,580 units)	-	-	163
UTI - Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment 91,862 units (March 31, 2016 - 41,818 units; April 01, 2015 - 175,000 units)	92	42	175
	3,127	1,563	1,018
In others			
Inter corporate deposits with financial institutions	2,120	4,420	-
	5,247	**5,983**	**1,018**
Aggregate value of unquoted investments	5,247	5,983	1,018

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	March 31, 2017	March 31, 2016	April 01, 2015
12. Trade receivables			
Unsecured, considered good [also refer note 34]	7,982	5,038	5,033
Doubtful	58	42	85
	8,040	5,080	5,118
Allowance for credit loss	(58)	(42)	(85)
	7,982	5,038	5,033
The above includes:			
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of board of directors of NHL.	4	8	5
The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 39.			
13. Cash and bank balances			
Cash and cash equivalents			
Balances with banks:			
On current accounts	3,410	2,653	3,213
On unpaid dividend account	6	10	6
Deposits with original maturity of less than 3 months	-	240	-
Total cash and cash equivalents	3,416	2,903	3,219
Other bank balances			
Deposits with maturity of less than 12 months	410	3,524	3,380
Margin money deposit [refer note (a) below]	3	3	3
Total other bank balances	413	3,527	3,383
	3,829	6,430	6,602

(a) Margin money deposits with carrying amount of ₹ 3 (March 31, 2016 - ₹ 3; April 01, 2015 - ₹ 3) are subject to first charge against bank guarantees obtained.

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

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	March 31, 2017	March 31, 2016	April 01, 2015
14(a). Equity share capital			
Authorised			
220,000,000 (March 31, 2016 - 220,000,000; April 01, 2015 - 220,000,000) equity shares of ₹ 5 each (March 31, 2016 - ₹ 5 each; April 01, 2015 - ₹ 5 each)	1,100	1,100	1,100
Issued, subscribed and fully paid-up			
200,000,000 (March 31, 2016 - 200,000,000; April 01, 2015 - 200,000,000) equity shares of ₹ 5 each (March 31, 2016 - ₹ 5 each; April 01, 2015 - ₹ 5 each)	1,000	1,000	1,000

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

Equity shares	March 31, 2017		March 31, 2016	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	**200,000,000**	**1,000**	**200,000,000**	**1,000**

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	March 31, 2017		March 31, 2016	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr Kiran Mazumdar-Shaw	79,287,564	39.64%	79,287,564	39.64%
Glentec International Limited	39,535,194	19.77%	39,535,194	19.77%

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

(iv) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 31.

14(b). Other equity

Securities premium reserve

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

General reserve

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

Retained earnings

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

SEZ re-investment reserve

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

Share based payment reserve

The Company has established various equity settled share based payment plans for certain categories of employees of the Company. Also refer note 31 for further details on these plans.

Treasury shares

Own equity instruments that are reacquired [treasury shares] are recognised at cost and deducted from equity.

Cash flow hedging reserves

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

	March 31, 2017	March 31, 2016	April 01, 2015
15. Long-term borrowings			
Deferred sales tax liability (unsecured) [refer note (a) below]	-	65	195
Loans from banks (secured)			
Term loan [refer note (b) below]	1,296	1,326	-
Other loans and advances (unsecured)			
NMITLI - CSIR Loan [refer note (c) below]	1	1	1
Financial assistance from DSIR [refer note (d) below]	3	6	10
Financial assistance from DST [refer note (e) below]	35	42	48
	1,335	1,440	254
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(11)	(75)	(140)
	1,324	**1,365**	**114**
The above amount includes			
Secured borrowings	1,296	1,326	-
Unsecured borrowings	39	114	254
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(11)	(75)	(140)
Net amount	**1,324**	**1,365**	**114**

(a) On February 9, 2000, the Company obtained an order from the Karnataka Sales Tax Authority for allowing an interest free deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding ₹ 649. This is an interest free liability. The amount is repayable in 10 equal half yearly instalments of ₹ 65 each starting from February 2012. The loan was repaid during the year.

(b) During the year ended March 31, 2016, the Company had obtained an external commercial borrowing facility of USD 20 million from a bank. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility with a carrying amount of ₹ 1,410. The long-term loan is repayable in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carries an interest rate of LIBOR + 0.95% p.a. During the year ended March 31, 2016, the Company had entered into interest rate swap to convert floating rate to fixed rate.

(c) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹3 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual instalments of ₹ 0.3 starting from April 2009 and carry an interest rate of 3% p.a.

(d) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to the Company for part financing one of its research projects. The assistance is repayable in the form of royalty payments for three years post commercialisation of the project in five equal annual instalments of ₹ 3 each, starting from April 1, 2013.

(e) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3% p.a.

(f) In respect of the financial assistance received under the aforesaid programmes (refer note (c) to (e) above), the Company is required to utilise the funds for the specified projects and is required to obtain prior approvals from the said authorities for disposal of assets/Intellectual property rights acquired/developed under the above programmes.

The Company's exposure to liquidity, interest rate and currency risks are disclosed in note 39.

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	March 31, 2017	March 31, 2016	April 01, 2015
16. Other financial liabilities			
(a) Non-current			
Fair value of hedging instruments	-	4	-
Interest accrued but not due	2	3	6
	2	7	6
(b) Current			
Current maturities of long-term borrowings [refer note 15]	11	75	140
Unpaid dividends	6	10	6
Payables for capital goods	646	748	239
Interim dividend on equity shares	-	-	1,000
Fair value of hedging instruments	-	77	-
	663	910	1,385
17. Provisions			
(a) Non-current			
Provision for employee benefits			
Gratuity [refer note 38]	133	95	-
	133	95	-
(b) Current			
Provision for employee benefits			
Gratuity [refer note 38]	88	73	121
Compensated absences	96	82	74
Provision for sales return	136	130	130
	320	285	325

(i) Movement in provisions	Gratuity	Compensated absences	Sales return
Opening balance	168	82	130
Provision recognised/(reversed) during the year	53	14	6
Closing balance	221	96	136

	March 31, 2017	March 31, 2016	April 01, 2015
18. Deferred tax liability/(assets) (net)			
Deferred tax liability			
Property, plant and equipment, investment property and intangible assets	523	558	609
Derivative asset	46	-	48
Gross deferred tax liability	569	558	657
Deferred tax assets			
Employee benefit obligations	110	86	67
Allowance for doubtful debts	20	14	29
Other disallowable expenses	169	145	80
Deferred revenue	-	162	69
MAT credit entitlement	1,194	22	22
Derivative liability	-	1	-
Others	130	119	108
Gross deferred tax assets	1,623	549	375
Net deferred tax liability/(assets)	(1,054)	9	282
19. Other liabilities			
(a) Non-current			
Deferred revenues	767	913	905
	767	913	905
(b) Current			
Deferred revenues	113	116	97
Advances from customers	82	58	32
Book overdraft	501	252	-
Statutory taxes and dues payable	91	77	89
	787	503	218

	March 31, 2017	March 31, 2016	April 01, 2015
20. Short-term borrowings			
From banks/financial institutions			
Packing credit foreign currency loan (unsecured) [refer notes (i), (ii) and (iii) below]	-	2,253	561
Cash credit (secured) [refer note (iv) below]	-	2	-
	-	**2,255**	**561**
The above amount includes			
Secured borrowings	-	2	-
Unsecured borrowings	-	2,253	561

(i) During the year ended March 31, 2016, the Company had obtained unsecured foreign currency denominated loans of ₹ 597 (USD 9 million) [April 01, 2015 - ₹ Nil (USD Nil)], carrying an interest rate of LIBOR + 0.20% p.a. from a bank. The facility was repayable within 120 days from the date of its origination and has been repaid during the current year.

(ii) During the year ended March 31, 2016, the Company had obtained unsecured foreign currency denominated loans of ₹ 1,656 (USD 25 million) [April 01, 2015 - ₹ Nil (USD Nil)], carrying an interest rate of LIBOR + 0.10% p.a. from a bank. The facility was repayable within 180 days from the date of its origination and has been repaid during the current year.

(iii) During the year ended March 31, 2015, the Company had obtained foreign currency denominated loan of ₹ 561 (USD 9 million), carrying an interest rate of LIBOR + 0.35% p.a., from a bank. The facility was repayable within 180 days from the date of its origination and was repaid during the year ended March 31, 2016.

(iv) The Company had working capital facilities with various banks carrying interest rate ranging from 9.7% - 13% p.a. These facilities were repayable on demand, secured by pari-passu first charge on inventories and trade receivables.

	March 31, 2017	March 31, 2016	April 01, 2015
21. Trade Payables			
Trade payables [refer note (a) below and note 34]	4,505	3,944	3,008
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006			
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year			
Principal amount due to micro and small enterprises	120	102	77
Interest due on the above	3	-	1
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	328	317	312
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-
(iv) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	31	25	23
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers.			
(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 39.			

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	March 31, 2017	March 31, 2016
22. Revenue from operations		
Sale of products		
Finished goods	22,174	19,861
Traded goods	1,583	1,679
Sale of services		
Licensing and development fees	329	93
Other operating revenue		
Sale of process waste	127	129
Others [refer note (a) below]	1,971	1,592
Revenue from operations	26,184	23,354
(a) Others include processing charges, rentals and cross charge of power and other facilities by the SEZ Developer/ SEZ unit of the Company.		
23. Other income		
Interest income on		
Deposits with banks and financial institutions	523	397
Others	146	330
Dividend income from		
Subsidiaries	-	487
Current investments	13	131
Net gain on sale of current investments	39	16
Net gain on financial assets measured at fair value through profit or loss	69	-
Foreign exchange gain, net	-	160
Other non-operating income	198	210
	988	1,731
24. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,489	1,166
Add: Purchases	9,800	9,802
Less: Inventory at the end of the year	(1,374)	(1,489)
Cost of raw materials and packing materials consumed	9,915	9,479
25. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	262	249
Finished goods	1,726	1,628
Work-in-progress	1,569	1,316
	3,557	3,193
Inventory at the end of the year		
Traded goods	223	262
Finished goods	1,305	1,726
Work-in-progress	2,494	1,569
	4,022	3,557
	(465)	(364)
26. Employee benefits expense		
Salaries, wages and bonus	3,091	2,740
Contribution to provident and other funds	134	115
Gratuity [refer note 38]	39	31
Share based compensation expense [refer note 31]	125	107
Staff welfare expenses	261	226
	3,650	3,219
27. Finance costs		
Interest expense on financial liability measured at amortised cost	38	9
Fair value changes on interest rate swap	-	10
	38	19

		March 31, 2017	March 31, 2016
28. Depreciation and amortisation expense			
Depreciation of tangible assets [refer note 3 and 4]		1,425	1,351
Amortisation of intangible assets [refer note 5]		81	46
		1,506	1,397
29. Other expenses			
Royalty and technical fees		36	56
Rent		16	17
Communication expenses		38	40
Travelling and conveyance		292	335
Professional charges		257	383
Payments to auditors [refer note (a) below]		6	6
Directors' fees including commission		19	20
Power and fuel		1,456	1,551
Insurance		27	30
Rates, taxes and fees		197	180
Lab consumables		327	373
Repairs and maintenance			
Plant and machinery		502	368
Buildings		107	90
Others		324	280
Selling expenses			
Freight outwards and clearing charges		243	284
Sales promotion expenses		474	423
Commission and brokerage (other than sole selling agents)		247	253
Bad debts written off		-	8
Provision/(reversal) for doubtful debts, net		16	(43)
Foreign exchange fluctuation, net		239	-
Printing and stationery		35	26
Research and development expenses [refer note 30]		920	902
CSR expenditure [refer note 45]		90	81
Miscellaneous expenses		95	91
		5,963	5,754
(a) Payments to auditors:			
As auditor*:			
Statutory audit fee		3	3
Tax audit fee		1	1
Limited review		1	2
In other capacity:			
Other services (certification fees) [refer note (b) below]		1	-
Reimbursement of out-of-pocket expenses [refer note (b) below]		-	-
		6	6

* Payments for the year ended March 31, 2016 represents fees and reimbursements paid to the predecessor auditor.

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

		March 31, 2017	March 31, 2016
30. Research and development expenses			
Research and development expenses	(a)	920	902
Other Research and development expenses included in other heads of account:			
Salaries, wages and bonus		201	182
Contribution to provident and other funds		9	7
Staff welfare expenses		2	2
Lab consumables		324	373
Travelling and conveyance		4	14
Professional charges		1	-
	(b)	541	578
	(a+b)	1,461	1,480
Less: Recovery of product development costs from co-development partners (net)		(4)	(48)
		1,457	1,432

31. Employee stock compensation

(a) Biocon ESOP Plan

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries/joint venture company. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	3,500	231	61,625	187
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	2,500	231	55,250	179
Expired during the year	1,000	231	2,875	154
Outstanding at the end of the year	-	-	3,500	231
Exercisable at the end of the year	-	-	3,500	231
Weighted average remaining contractual life (in years)	-	-	0.3	-
Range of exercise prices for outstanding options at the end of year (₹)	-	-	231	-

Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

Details of Grant V

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	791,875	343	1,151,975	336
Granted during the year	-	-	-	-
Forfeited during the year	74,625	344	269,087	324
Exercised during the year	221,388	307	91,013	303
Expired during the year	-	-	-	-
Outstanding at the end of the year	495,862	357	791,875	343
Exercisable at the end of the year	135,175	312	220,638	310
Weighted average remaining contractual life (in years)	2.5	-	4.6	-
Range of exercise prices for outstanding options at the end of year (₹)	221-471	-	197-531	-

Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,185,839	470	1,346,152	470
Granted during the year	95,000	477	-	-
Forfeited during the year	61,600	470	160,313	470
Exercised during the year	258,001	471	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	961,238	471	1,185,839	470
Exercisable at the end of the year	125,026	470	116,750	470
Weighted average remaining contractual life (in years)	2.3	-	3.3	-
Weighted average fair value of options granted (₹)	156	-	-	-
Range of exercise prices for outstanding options at the end of year (₹)	470-493	-	470	-

Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,275,500	461	293,000	452
Granted during the year	200,000	605	1,077,500	461
Forfeited during the year	238,500	392	95,000	472
Exercised during the year	16,800	457	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,220,200	482	1,275,500	461
Exercisable at the end of the year	9,450	457	-	-
Weighted average remaining contractual life (in years)	5.2	-	6.0	-
Weighted average fair value of options granted (₹)	251	-	185	-
Range of exercise prices for outstanding options at the end of year (₹)	415-741	-	415-518	-

Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing price as per National Stock Exchange as on the last day of the month preceding the month of first grant.

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Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	312,500	459	-	-
Granted during the year	55,000	457	312,500	459
Forfeited during the year	105,000	457	-	-
Exercised during the year	1,000	457	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	261,500	460	312,500	459
Exercisable at the end of the year	16,750	457	-	-
Weighted average remaining contractual life (in years)	3.8	-	4.6	-
Weighted average fair value of options granted (₹)	149	-	154	-
Range of exercise prices for outstanding options at the end of year (₹)	457-481	-	457-481	-

Grant IX

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	472,500	495	-	-
Forfeited during the year	5,000	467	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	467,500	496	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	8.9	-	-	-
Weighted average fair value of options granted (₹)	617	-	-	-
Range of exercise prices for outstanding options at the end of year (₹)	415-566	-	-	-

Grant X

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	255,000	388	-	-
Forfeited during the year	51,250	373	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	203,750	392	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.3	-	-	-
Weighted average fair value of options granted (₹)	442	-	-	-
Range of exercise prices for outstanding options at the end of year (₹)	371-467	-	-	-

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

Particulars	March 31, 2017	March 31, 2016
Weighted Average Exercise Price (₹)	388-605	459-461
Expected volatility	29.5% to 33.4%	29% to 34.5%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Average risk-free interest rate	7.12%	7.65%
Expected dividend rate	1.10%	1.10%

Expected volatility is based on historical volatility of the market price of the Company's publicly traded equity shares during the expected term of the option grant.

(b) RSU Plan 2015

On March 11, 2015, Biocon's Remuneration Committee approved the Biocon - Restricted Stock Units (RSUs) of Syngene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries other than Syngene. The Remuneration Committee administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employee Welfare Trust ('RSU Trust'). For this purpose, on March 31, 2015, the Company transferred 2,000,000 equity shares of Syngene to RSU Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2017		March 31, 2016	
	Number of Units	Weighted Average Exercise Price (₹)	Number of Units	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,231,803	-	-	-
Granted during the year	193,454	-	1,364,148	-
Forfeited during the year	117,963	-	132,345	-
Exercised during the year	10,742	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,296,552	-	1,231,803	-
Exercisable at the end of the year	92,320	-	-	-
Weighted average remaining contractual life (in years)	4.1	-	4.8	-
Weighted average fair value of options granted (₹)	468		162	

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

Particulars	March 31, 2017	March 31, 2016
Weighted Average Exercise Price (₹)	-	-
Expected volatility	29.92% - 44.31%	29.92%
Life of the options granted (vesting and exercise period) in years	5.0-6.5	5.0-6.5
Average risk-free interest rate	7.12%	7.65%
Expected dividend rate	0.30%	0.30%

Summary of movement in respect of the shares held by the ESOP Trust is as follows:

	March 31, 2017	March 31, 2016
Opening balance	3,876,828	3,674,928
Add: Shares purchased by the ESOP trust	152,731	348,163
Less: Shares exercised by employees	(499,689)	(146,263)
Closing balance	3,529,870	3,876,828
Options granted and eligible for exercise at end of the year	286,401	340,888
Options granted but not eligible for exercise at end of the year	3,323,649	3,228,326
Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:		
Opening balance	2,000,000	2,000,000
Less: Shares exercised by employees	(10,742)	-
Closing balance	1,989,258	2,000,000

32. Earnings per share (EPS)

	March 31, 2017	March 31, 2016
Earnings		
Profit for the year	5,193	3,686
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(3,702,196)	(3,697,436)
Weighted average shares used for computing basic EPS	**196,297,804**	**196,302,564**
Add: Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	1,376,487	167,870
Weighted average shares used for computing diluted EPS	**197,674,291**	**196,470,434**
Earnings per share		
Basic (in ₹)	26.45	18.78
Diluted (in ₹)	26.27	18.76

33. Exceptional items (net)

	March 31, 2017	March 31, 2016
Gain on sale of shares in subsidiaries (net) [refer note (a) and (b) below]	-	1,061
	-	**1,061**

(a) During the year ended March 31, 2016, the Company sold its investment in the equity shares of Biocon Sdn. Bhd., a wholly owned subsidiary to Biocon Biologics Limited (UK) for a sum of ₹ 811. Gain arising from such sale of equity shares amounting to ₹ 99 [net of cost of such equity shares] is recorded as an exceptional gain in the standalone financial statements. Consequential tax of ₹ 21 is recorded on such gain.

(b) During the year ended March 31, 2016, Syngene International Limited ('Syngene') completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of ₹ 10 each, by the Company. Gain arising from such sale of equity shares, net of related expenses and cost of equity shares, amounting to ₹ 962 is recorded as an exceptional gain in the standalone financial statements. Consequential tax of ₹ 1,042 is recorded on such gains is included within income tax expense.

MAT credit on above transaction was not recorded in the previous year due to uncertainty of utilization. During the current year, pursuant to change in the Income tax law and other business restructuring, the Company believes that it will be able to utilize the MAT credit entitlement. Accordingly, during the year ended March 31, 2017, the Company has recorded MAT credit entitlement of ₹ 1,042 which is included within income tax expense of the current year.

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34. Related party transactions

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

Sl No	Name of the related party	Relationship	Description of transaction	April 1, 2016 to March 31, 2017 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable	April 1, 2015 to March 31, 2016 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	Balance as at April 1, 2015 (Payable)/ Receivable
A.	**Remuneration paid to Key Management Personnel [refer note (g) below]**							
1	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(20)	-	(16)	-	-
2	John Shaw	Vice-Chairman & Director	Salary and perquisites	(17)	-	(16)	-	-
3	Arun Chandavarkar	Joint Managing Director & CEO	Salary and perquisites	(33)	-	(31)	-	-
4	Siddharth Mittal	President - Finance & Chief Financial Officer	Salary and perquisites	(20)	-	(16)	-	-
5	Kiran Kumar	Company Secretary (upto Dec. 15, 2016)	Salary and perquisites	(7)	-	(6)	-	-
6	Rajiv Balakrishnan	Company Secretary (w.e.f. Jan. 24, 2017)	Salary and perquisites	(1)	-	-	-	-
B.	**Others**							
7	Syngene International Limited	Subsidiary	Power and facility charges recovered [refer note (b) below]	466	-	454	-	-
			Rent income [refer note (b) below]	47	-	50	-	-
			Dividend income	-	-	145	-	-
			Expenses incurred on behalf of the related party [refer note (a) below]	49	-	58	-	-
			Sale of goods/other products	4	-	4	-	-
			Research services received	(89)	-	(107)	-	-
			IPO expenses incurred on behalf of the Company	-	-	(45)	-	-
			Other receivables	-	125	-	91	150
			Trade payables	-	(53)	-	(16)	(30)
			Guarantee given on behalf of related party to Customs & Excise Department ('CED')	-	148	-	148	242
			Guarantee given by related party to CED on behalf of the Company	-	(500)	-	(500)	(500)
8	Biocon Research Limited	Wholly-owned subsidiary	Rent income [refer note (b) below]	42	-	37	-	-
			Power and facility charges recovered [refer note (b) below]	63	-	66	-	-
			Cross charges towards lab consumables and other expenses	-	-	673	-	-
			Research services received	(243)	-	-	-	-
			Sale of goods	6	-	40	-	-
			Other receivables	-	50	-	431	181
			Royalty expense	(16)	-	(27)	-	-
			Interest on loans to related party	121	-	316	-	-
			Expenses incurred on behalf of the related party [refer note (a) below]	-	-	26	-	-
			Trade payables	-	(63)	-	-	-
			Loans to related party, net	468	1,923	(992)	1,455	2,447

Sl No	Name of the related party	Relationship	Description of transaction	April 1, 2016 to March 31, 2017 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable	April 1, 2015 to March 31, 2016 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	Balance as at April 1, 2015 (Payable)/ Receivable
9	Biocon SA	Wholly-owned subsidiary	Cross charges towards facility and other expenses	197	-	50	-	-
			Expenses incurred by related party on behalf of the Company	(25)	-	-	-	-
			Trade receivable	-	157	-	-	-
			Other receivable	-	-	-	51	94
10	Biocon Sdn.Bhd.	Wholly-owned subsidiary of Biocon Biologics Limited	Expenses incurred on behalf of the related party [refer note (a) below]	8	-	15	-	-
			Sale of goods	64	-	69	-	-
			Purchase of goods	(218)	-	-	-	-
			Other operating income	9	-	-	-	-
			Guarantee income	29	-	-	-	-
			Trade payables	-	(274)	-	-	-
			Trade receivables	-	125	-	81	30
			Other receivables	-	505	-	560	41
			Guarantee given by the Company to banks on behalf of related party loan facility	-	12,330	-	10,760	8,096
11	NeoBiocon FZ LLC	Joint-venture	Sale of goods	39	-	35	-	-
			Dividend Income	-	-	342	-	-
			Other receivables	-	-	-	3	-
			Trade receivables	-	2	-	30	29
12	Glentec International Limited	Enterprise owned by key management personnel	Rent expenses	-	(1)	-	(1)	(1)
13	Biocon Pharma Limited	Wholly-owned subsidiary	Investment in equity shares	70	-	50	-	-
			Expenses incurred on behalf of the related party [refer note (a) below]	7	-	21	-	-
			Interest on loans to related party	4	-	4	-	-
			Loans to related party, net	(129)	-	129	129	-
			Other receivables	-	5	-	24	-
			Guarantee given by the Company to banks on behalf of related party loan facility	-	1,296	-	1,362	-
14	Biocon Biologics Limited	Wholly-owned subsidiary	Investment in equity shares	-	-	4,453	-	-
			Sale of non-current investments - Shares of Biocon Sdn. Bhd [refer note 33]	-		811	-	-
			Sale of goods	522	-	73	-	-
			Cross charges towards other expenses	1,093		-	-	-
			Royalty expense	-	-	(5)	-	-
			Trade receivables	-	1,746	-	71	-
			Trade payables	-	(5)	-	(5)	-

Sl No	Name of the related party	Relationship	Description of transaction	April 1, 2016 to March 31, 2017 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable	April 1, 2015 to March 31, 2016 Income/ (Expenses)/ Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	Balance as at April 1, 2015 (Payable)/ Receivable
15	Biocon FZ LLC	Wholly-owned subsidiary	Investment in equity shares	-	-	3	-	-
			Sale of goods	-	-	1	-	-
			Trade receivables	-	-	-	1	-
16	Biocon Pharma Inc	Wholly-owned subsidiary of Biocon Pharma Limited	Expenses incurred on behalf of the related party	35	-	-	-	-
			Other receivables	-	35	-	-	-
17	Biocon Academy	Wholly-owned subsidiary	CSR Expenditure	(30)	-	(29)	-	-
18	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR Expenditure	(60)	-	(52)	-	-
19	Narayana Hrudayalaya Limited [formerly known as Narayana Hrudayalaya Private Limited]	Enterprise in which a director of the Company is a member of board of directors	Sale of goods	41	-	51	-	-
			Trade receivables	-	4	-	8	5

(a) Expenses incurred on behalf of the related party include recharge of software license fees and amount paid on behalf to vendors.

(b) The Company's SEZ Developer division has entered into agreements to lease land and provide certain facilities such as power, utilities etc to SEZ units of Biocon Research Limited and Syngene International Limited, in respect of which the Company recovers rent and facilities usage charges.

(c) The Company has purchased consumables from Mazumdar Farms, a proprietary firm of relative of Director which are not disclosed above since the amounts are rounded off to Rupees million.

(d) During the year, there is no transaction with Biocon India Limited Employees Welfare Trust (trust in which key management personnel were the Board of Trustees).

(e) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

(f) The remuneration to key management personnel doesn't include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

(g) Share based compensation expense allocable to key management personnel is ₹ 5 (March 31, 2016 - ₹ 10), which is not included in the remuneration disclosed above.

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

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35. Tax expense

		March 31, 2017	March 31, 2016
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	1,269	2,175
	MAT credit entitlement	(1,172)	-
	Deferred tax expense/(income) related to:		
	Origination and reversal of temporary differences	72	(267)
	Tax expense for the year	169	1,908
(b)	**Reconciliation of effective tax rate**		
	Profit before tax	5,362	5,594
	Less: Exceptional items, net	-	(1,061)
	Profit before tax and exceptional items	5,362	4,533
	Tax at statutory income tax rate 34.61% (March 31, 2016 - 34.61%)	1,856	1,569
	Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
	Weighted deduction on research and development expenditure	(520)	(432)
	Exempt income and other deductions	(254)	(372)
	Non-deductible expense	74	65
	Tax on exceptional item	(1,042)	1,063
	Basis difference that will reverse during the tax holiday period	22	27
	Others	33	(12)
	Income tax expense	169	1,908
(c)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	238	70
	Potential tax impact	36	11
	Expiry date [Financial year]	2022-23 to 2023-24	2022-23

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

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

For the year ended March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax liability				
Property, plant and equipment, investment property and intangible assets	558	(35)	-	523
Derivative assets	-	-	46	46
Gross deferred tax liability	558	(35)	46	569
Deferred tax assets				
Defined benefit obligations	86	15	9	110
Allowance for doubtful debts	14	6	-	20
Other disallowable expenses	145	24	-	169
Deferred revenue	162	(162)	-	-
MAT credit entitlement	22	1,172	-	1,194
Derivative liability	1	-	(1)	-
Others	119	11	-	130
Gross deferred tax assets	549	1,066	8	1,623
	(9)	1,101	(38)	1,054

For the year ended March 31, 2016	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax liability				
Property, plant and equipment, investment property and intangible assets	609	(51)	-	558
Derivative assets	48	(48)	-	-
Gross deferred tax liability	657	(99)	-	558
Deferred tax assets				
Defined benefit obligations	67	13	6	86
Allowance for doubtful debts	29	(15)	-	14
Other disallowable expenses	80	65	-	145
Deferred revenue	69	93	-	162
MAT credit entitlement	22	-	-	22
Derivative liability	-	1	-	1
Others	108	11	-	119
Gross deferred tax assets	375	168	6	549
	(282)	267	6	(9)

36. Contingent liabilities and commitments

(to the extent not provided for)

			March 31, 2017	March 31, 2016	April 01, 2015
(i)	**Contingent liabilities:**				
(a)	Claims against the Company not acknowledged as debt		2,893	3,041	1,241
	The above includes:				
	(i)	Direct taxation	1,950	2,050	297
	(ii)	Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	550	594	552
	(iii)	Other litigations	393	397	392

The Company is involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

			March 31, 2017	March 31, 2016	April 01, 2015
(b)	Guarantees				
	(i)	Corporate guarantees given in favour of the Central Excise Department in respect of certain performance obligations of the subsidiaries			
		Syngene International Limited	148	148	242
	(ii)	Corporate guarantees given in favour of banks towards loans obtained by subsidiaries/ step-down subsidiaries			
		Biocon Research Limited	-	-	685
		Biocon Sdn. Bhd.	12,330	10,760	8,096
		Biocon Pharma Limited	1,296	1,362	-
			13,626	12,122	8,781
	(iii)	Guarantees given by banks on behalf of the Company for contractual obligations of the Company. The necessary terms and conditions have been complied with and no liabilities have arisen.	18	18	63
(ii)	**Commitments:**				
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances		401	1,114	824
(b)	Operating lease commitments				
	Where the Company is a lessee:				
(i)	Vehicles				
	The Company has taken vehicles for certain employees under operating leases, which expire over a period upto January, 2020. Gross rental expenses for the year aggregate to ₹ 16 (March 31, 2016 - ₹ 16).				
			March 31, 2017	March 31, 2016	April 01, 2015
	The committed lease rentals in future are as follows:				
	Not later than one year		19	15	12
	Later than one year and not later than five years		22	26	24
(c)	As at March 31, 2016 and 2015, the Company had committed to provide financial support to Biocon Research Limited with regard to the operations of such company.				

37. Disclosure on Specified Bank Notes (SBNs)

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

Amount in ₹

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	130,500	148,761	279,261
(+) Permitted receipts	-	604,105	604,105
(-) Permitted payments	-	(499,419)	(499,419)
(-) Amount deposited in Banks	(130,500)	-	(130,500)
Closing cash in hand as on December 30, 2016	**-**	**253,447**	**253,447**

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

38. Employee benefit plans

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

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2016	229	(61)	168
Current service cost	27	-	27
Interest expense/(income)	17	(5)	12
Amount recognised in Statement of profit and loss	**44**	**(5)**	**39**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(2)	(2)
Actuarial (gain)/loss arising from:			
Demographic assumptions	(3)	-	(3)
Financial assumptions	9	-	9
Experience adjustment	23	-	23
Amount recognised in other comprehensive income	**29**	**(2)**	**27**
Employers contribution	-	(13)	(13)
Benefits paid	(23)	23	-
Balance as at March 31, 2017	**279**	**(58)**	**221**
Balance as on April 01, 2015	193	(72)	121
Current service cost	23	-	23
Interest expense/(income)	15	(7)	8
Amount recognised in Statement of profit and loss	**38**	**(7)**	**31**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1)	(1)
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	5	-	5
Experience adjustment	12	-	12
Amount recognised in other comprehensive income	**17**	**(1)**	**16**
Employers contribution	-	-	-
Benefits paid	(19)	19	-
Balance as at March 31, 2016	**229**	**(61)**	**168**

	March 31, 2017	March 31, 2016	April 01, 2015
Non-current	133	95	-
Current	88	73	121
	221	**168**	**121**

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

	March 31, 2017	March 31, 2016	April 01, 2015
Interest rate	6.9%	7.5%	8.8%
Discount rate	6.9%	7.5%	7.9%
Expected return on plan assets	6.9%	7.5%	7.9%
Salary increase	9.0%	9.0%	9.0%
Attrition rate	14% - 30%	7% - 26%	7% - 26%
Retirement age - Years	58	58	58

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

The weighted average duration of the defined benefit obligation was 8 years (March 31, 2016 - 8 years)

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

(iii) **Sensitivity analysis**

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

Particulars	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate	(13)	14	(9)	10
Salary increase	14	(13)	10	(9)
Attrition rate	(2)	3	(1)	2

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

As of March 31, 2017 and March 31, 2016, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2018, is approximately ₹ 51 (March 31, 2017 - ₹ 73).

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	51
2nd Following year	30
3rd Following year	29
4th Following year	39
5th Following year	27
Years 6 to 10	106

39. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2017	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current investments	-	-	1,459	1,459	-	-	-	-
Loans	-	-	1,923	1,923	-	-	-	-
Current investments	3,127	-	2,120	5,247	3,127	-	-	3,127
Trade receivables	-	-	7,982	7,982	-	-	-	-
Cash and bank balances	-	-	3,829	3,829	-	-	-	-
Other financial asset	-	142	1,084	1,226	-	142	-	142
	3,127	**142**	**18,397**	**21,666**	**3,127**	**142**	**-**	**3,269**
Financial liabilities								
Borrowings	-	-	1,324	1,324	-	-	-	-
Trade payables	-	-	4,505	4,505	-	-	-	-
Other financial liabilities	-	-	665	665	-	-	-	-
	-	-	6,494	6,494	-	-	-	-

March 31, 2016	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans	-	-	1,584	1,584	-	-	-	-
Current investments	1,563	-	4,420	5,983	1,563	-	-	1,563
Trade receivables	-	-	5,038	5,038	-	-	-	-
Cash and bank balances	-	-	6,430	6,430	-	-	-	-
Other financial asset	-	39	1,621	1,660	-	39	-	39
	1,563	**39**	**19,093**	**20,695**	**1,563**	**39**	**-**	**1,602**
Financial liabilities								
Borrowings	-	-	3,620	3,620	-	-	-	-
Trade payables	-	-	3,944	3,944	-	-	-	-
Other financial liabilities	71	10	836	917	-	81	-	81
	71	10	8,400	8,481	-	81	-	81

April 01, 2015	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans	-	-	2,447	2,447	-	-	-	-
Current investments	1,018	-	-	1,018	1,018	-	-	1,018
Trade receivables	-	-	5,033	5,033	-	-	-	-
Cash and bank balances	-	-	6,602	6,602	-	-	-	-
Other financial asset	-	169	811	980	-	169	-	169
	1,018	**169**	**14,893**	**16,080**	**1,018**	**169**	**-**	**1,187**
Financial liabilities								
Borrowings	-	-	675	675	-	-	-	-
Trade payables	-	-	3,008	3,008	-	-	-	-
Other financial liabilities	-	-	1,391	1,391	-	-	-	-
	-	**-**	**5,074**	**5,074**	**-**	**-**	**-**	**-**

B. Measurement of fair values

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

Sensitivity analysis

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

Significant observable inputs	March 31, 2017 Profit or (loss)		March 31, 2016 Profit or (loss)	
	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(31)	31	(1)	1
Interest rates (100 bps movement)	(38)	38	(27)	27

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

(i) Credit risk

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

Customer credit risk is managed by each business unit subject to Company's established policy, procedures and control relating to customer credit risk management. The Audit and Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 7,982 (March 31, 2016 - ₹ 5,038, April 01, 2015 - ₹ 5,033). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	March 31, 2017	March 31, 2016
Opening balance	42	85
Impairment loss recognised/(reversed)	16	(43)
Closing balance	**58**	**42**

No single customer accounted for more than 10% of the trade receivable as of March 31, 2017 and 2016. There is no significant concentration of credit risk.

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

(ii) Liquidity risk

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

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

(a) Cash credit facility from banks carrying interest rate ranging from 9.7% - 13% p.a. These facilities were repayable on demand and secured by pari-passu charge on inventories and trade receivables.

(b) Unsecured foreign currency denominated loans from Banks amounting to ₹ Nil (March 31, 2016 - ₹ 2,253) carrying interest ranging from Nil (March 31, 2016 - LIBOR + 0.10% to 0.20% p.a.). The facilities are repayable within 180 days from its origination.

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

Particulars	Less than 1 year	1-2 years	2-5 years	5-7 years	Total
Long-term borrowings	11	655	669	-	1,335
Short-term borrowings	-	-	-	-	-
Trade payables	4,505	-	-	-	4,505
Other financial liabilities	652	2	-	-	654
Total	**5,168**	**657**	**669**	**-**	**6,494**

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

Particulars	Less than 1 year	1-2 years	2-5 years	5-7 years	Total
Long-term borrowings	75	11	1,347	7	1,440
Short-term borrowings	2,255	-	-	-	2,255
Trade payables	3,944	-	-	-	3,944
Other financial liabilities	835	7	-	-	842
Total	**7,109**	**18**	**1,347**	**7**	**8,481**

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

Particulars	Less than 1 year	1-2 years	2-5 years	5-7 years	Total
Long-term borrowings	140	76	24	14	254
Short-term borrowings	561	-	-	-	561
Trade payables	3,008	-	-	-	3,008
Other financial liabilities	1,245	6	-	-	1,251
Total	**4,954**	**82**	**24**	**14**	**5,074**

(iii) Market risk

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

Foreign currency risk

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

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

March 31, 2017	USD	EUR	Others	Total
Financial assets				
Loans	-	-	-	-
Trade receivables	4,916	259	-	5,175
Cash and cash equivalents	2,800	188	19	3,007
Other non-current financial assets	-	-	-	-
Other current financial assets	539	-	-	539
Financial liabilities				
Long-term borrowings	(1,296)	-	-	(1,296)
Short-term borrowings	-	-	-	-
Trade payables	(620)	(81)	(4)	(705)
Other current financial liabilities	(154)	(99)	(30)	(283)
Net assets/(liabilities)	**6,185**	**267**	**(15)**	**6,437**

March 31, 2016	USD	EUR	Others	Total
Financial assets				
Loans	-	-	-	-
Trade receivables	2,696	222	-	2,918
Cash and cash equivalents	2,062	302	14	2,378
Other non-current financial assets	-	-	-	-
Other current financial assets	600	-	-	600
Financial liabilities				
Long-term borrowings	(1,326)	-	-	(1,326)
Short-term borrowings	(2,253)	-	-	(2,253)
Trade payables	(951)	(86)	(10)	(1,047)
Other current financial liabilities	(117)	-	(6)	(123)
Net assets/(liabilities)	**711**	**438**	**(2)**	**1,147**

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
USD Sensitivity				
INR/USD - Increase by 1%	62	7	31	6
INR/USD - Decrease by 1%	(62)	(7)	(31)	(6)
EUR Sensitivity				
INR/EUR - Increase by 1%	3	4	3	4
INR/EUR - Decrease by 1%	(3)	(4)	(3)	(4)

Derivative financial instruments

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

Particulars	March 31, 2017	March 31, 2016
	(in Million)	
Foreign exchange forward contracts to buy	-	USD 25
	-	(INR 1,656)
European style option contracts with periodical maturity dates	USD 44	USD 59
	(INR 2,844)	(INR 3,903)
European style option contracts with periodical maturity dates	EUR 6	EUR 12
	(INR 434)	(INR 899)

Cash flow and fair value interest rate risk

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

(a) Interest rate risk exposure

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	1,296	3,579	561
Fixed rate borrowings	36	45	49
Total borrowings	**1,332**	**3,624**	**610**

(b) Sensitivity

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

40. Capital management

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

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

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

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

Particulars	March 31, 2017	March 31, 2016
Total equity attributable to the equity shareholders of the Company	65,411	59,966
As a percentage of total capital	98%	94%
Long-term borrowings	1,335	1,440
Short-term borrowings	-	2,255
Total borrowings	1,335	3,695
As a percentage of total capital	2%	6%
Total capital (Equity and Borrowings)	66,746	63,661

41. First-time adoption of Ind AS

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

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

(A) Optional exemptions availed and mandatory exceptions

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

Optional exemptions availed

(1) Deemed cost

Investment in subsidiaries

As per Ind AS 101, the entity may elect to use the fair value of investment in subsidiaries at the date of transition as the deemed cost. Accordingly, the Company has recognised the fair value of a subsidiary as the deemed cost at the date of transition.

(2) Business combination

Ind AS 101, provides the option to apply Ind AS 103, Business Combinations prospectively from the transition date or from a specific date prior to the transition date.

The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date has not been restated.

(3) Share based payments

Ind AS 102 Share based Payment has not been applied to equity instruments in share based payment transactions that vested before April 1, 2014. For cash settled share based payment transactions, the Company has not applied Ind AS 102 to liabilities that were settled before April 1, 2014.

Mandatory exemptions availed

(1) Estimates

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

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

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

(2) Classification and measurement of financial assets

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

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

(3) Hedge accounting

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

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(B) Reconciliations

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

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

	Previous GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	8,986	(459)	8,527
Capital work-in-progress	576	-	576
Investment property	-	459	459
Intangible assets	157	(1)	156
Financial assets			
(i) Investments	804	31,688	32,492
(ii) Loans	2,447	-	2,447
(iii) Other financial assets	1,032	(659)	373
Income-tax asset (net)	462	(47)	415
Other non-current assets	1,465	6	1,471
Total non-current assets	**15,929**	**30,987**	**46,916**
Current assets			
Inventories	4,063	296	4,359
Financial assets			
(i) Investments	843	175	1,018
(ii) Trade receivables	5,551	(518)	5,033
(iii) Cash and cash equivalents	3,159	60	3,219
(iv) Bank balances other than (iii) above	3,053	330	3,383
(v) Other financial assets	494	113	607
Other current assets	196	(2)	194
Total current assets	**17,359**	**454**	**17,813**
TOTAL	**33,288**	**31,441**	**64,729**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,000	-	1,000
Other equity	24,844	31,497	56,341
Total equity	**25,844**	**31,497**	**57,341**
Non-current Liabilities			
Financial liabilities			
(i) Borrowings	114	-	114
(ii) Other financial liabilities	6	-	6
Provisions	-	-	-
Deferred tax liability (net)	326	(44)	282
Other non-current liabilities	1,358	(453)	905
Total non-current Liabilities	**1,804**	**(497)**	**1,307**
Current liabilities			
Financial liabilities			
(i) Borrowings	561	-	561
(ii) Trade payables	3,008	-	3,008
(iii) Other financial liabilities	1,385	-	1,385
Provisions	195	130	325
Income-tax liability (net)	273	311	584
Other current liabilities	218	-	218
Total current liabilities	**5,640**	**441**	**6,081**
TOTAL	**33,288**	**31,441**	**64,729**

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(ii) Reconciliation of equity as at March 31, 2016

	Previous GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	9,035	(439)	8,596
Capital work-in-progress	1,723	-	1,723
Investment property	-	439	439
Intangible assets	342	-	342
Financial assets			
(i) Investments	4,587	27,519	32,106
(ii) Loans	1,584	-	1,584
(iii) Other financial assets	1,307	(637)	670
Income-tax asset (net)	462	(34)	428
Other non-current assets	1,384	(2)	1,382
Total non-current assets	**20,424**	**26,846**	**47,270**
Current assets			
Inventories	4,675	371	5,046
Financial assets			
(i) Investments	5,941	42	5,983
(ii) Trade receivables	5,731	(693)	5,038
(iii) Cash and cash equivalents	2,860	43	2,903
(iv) Bank balances other than (iii) above	3,103	424	3,527
(v) Other financial assets	990	-	990
Other current assets	224	-	224
Total current assets	**23,524**	**187**	**23,711**
TOTAL	**43,948**	**27,033**	**70,981**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,000	-	1,000
Other equity	31,885	27,081	58,966
Total equity	**32,885**	**27,081**	**59,966**
Non-current Liabilities			
Financial liabilities			
(i) Borrowings	1,365	-	1,365
(ii) Other financial liabilities	4	3	7
Provisions	95	-	95
Deferred tax liability (net)	255	(246)	9
Other non-current liabilities	1,236	(323)	913
Total non-current liabilities	**2,955**	**(566)**	**2,389**
Current liabilities			
Financial liabilities			
(i) Borrowings	2,255	-	2,255
(ii) Trade payables	3,943	1	3,944
(iii) Other financial liabilities	901	9	910
Provisions	155	130	285
Income-tax liability (net)	351	378	729
Other current liabilities	503	-	503
Total current liabilities	**8,108**	**518**	**8,626**
TOTAL	**43,948**	**27,033**	**70,981**

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

	Previous GAAP	Adjustments	Ind AS
Income			
Revenue from operations	23,236	118	23,354
Other income	1,841	(110)	1,731
Total income	**25,077**	**8**	**25,085**
Expenses			
Cost of raw materials and packing materials consumed	9,478	1	9,479
Purchases of traded goods	760	-	760
Changes in inventories of traded goods, finished goods and work-in-progress	(288)	(76)	(364)
Excise duty	-	336	336
Employee benefits expense	3,187	32	3,219
Finance costs	9	10	19
Other expenses	5,754	-	5,754
Depreciation and amortisation expense	1,310	87	1,397
	20,210	390	20,600
Less: Recovery of product development costs from co-development partners (net)	(48)	-	(48)
Total expenses	**20,162**	**390**	**20,552**
Profit before tax and exceptional item	4,915	(382)	4,533
Exceptional items, net	5,230	(4,169)	1,061
Profit before tax	**10,145**	**(4,551)**	**5,594**
Tax expense			
Current tax	2,128	47	2,175
Deferred tax	(71)	(196)	(267)
Total tax expense	2,057	(149)	1,908
Profit for the year	**8,088**	**(4,402)**	**3,686**
Other comprehensive income/(expense)			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans	-	(16)	(16)
Income tax effect	-	6	6
	-	(10)	(10)
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges	-	-	-
Income tax effect	-	-	-
	-	-	-
Other comprehensive income/(expense) for the year, net of taxes	-	(10)	(10)
Total comprehensive income for the year	**8,088**	**(4,412)**	**3,676**

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(iv) Reconciliation of total equity

	Note	March 31, 2016	April 01, 2015
Equity under previous GAAP attributable to shareholders of the Company		32,885	25,844
Adjustments:			
Difference on account of revenue recognition, net of related costs	(i)	(802)	(571)
Impact of derivative accounting	(ii)	(2)	126
Consolidation of ESOP Trust	(vii)	475	526
Fair valuation of investment in subsidiary on transition date		27,519	31,688
Other adjustments	(iii)	24	14
Income tax on above adjustments and corrections for earlier years	(iv)	(133)	(286)
Total adjustments		**27,081**	**31,497**
Equity under Ind AS attributable to shareholders of the Company		**59,966**	**57,341**

(v) Reconciliation of the net profit

Net profit reconciliation	Note	March 31, 2016
Net Profit attributable to shareholders of the Company as per previous GAAP [A]		**8,088**
Adjustments		
Difference on account of revenue recognition, net of related costs	(i)	(230)
Impact of derivative accounting	(ii)	(130)
Other adjustments	(iii)	(23)
Income tax impact of above adjustments and corrections for earlier years	(iv)	150
Impact on Profit on sale of Syngene Shares, net of tax	(v)	(4,169)
Total adjustments [B]		**(4,402)**
Profit for the year [C= A+B]		**3,686**
Other comprehensive income (OCI):		
Actuarial loss on defined benefit obligations – Gratuity	(vi)	(10)
Sub-total [D]		**(10)**
Total Comprehensive income for the year [C + D]		**3,676**

Notes to reconciliation:

(i) Difference on account of revenue recognition, net of related costs is primarily due to difference in timing of revenue recognition under Ind AS as compared to previous GAAP and deferral of licensing income on account of continuing obligations.

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

(iii) Other adjustments on account of Employee benefit expenses (Share based payments, Actuarial gains/losses), Mark to market adjustments on Mutual funds and Guarantee Income.

(iv) Represents income tax impact of Ind AS adjustments including corrections for earlier years.

(v) Reduction in profit on sale of Syngene shares is primarily on account of fair valuation of investment in Syngene (a subsidiary) on the Ind AS transition date as deemed cost.

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

(vii) Impact on consolidation of ESOP Trust.

42. Business combination

During the year ended March 31, 2016, the Company acquired the business of pharmaceutical manufacturing unit of M/s Acacia Lifesciences Private Limited located at Vishakhapatnam with effect from October 01, 2015 on a going concern basis for a consideration of ₹ 531 paid in cash. The transaction was accounted under Ind AS 103 "Business Combinations" as a business combination with the purchase price being allocated to identifiable assets and liabilities at fair value.

Following table presents the allocation of purchase price:

Particulars	Amount
Net tangible assets	454
Customer related intangibles	77
Total purchase price	**531**

43. Segmental information

In accordance with Ind AS 108 - Operating segments, segment information has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

44. Other notes

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2017.

(b) The Company has paid the dividend distribution tax of ₹ Nil (March 31, 2016 - ₹ 107) on interim dividend after reducing the amount of dividend received by the Company from its subsidiaries.

45. Corporate Social Responsibility

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

(a) Gross amount required to be spent by the Company during the year is ₹ 90; and

(b) Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	90	-	90

46. Events after reporting period

(a) On April 27, 2017, the Board of Directors of the Company approved issue of bonus shares in the proportion of 2:1 i.e. 2 (two) bonus equity shares of ₹ 5 each for every 1 (one) fully paid-up equity shares held as on the record date, subject to the approval by the shareholders of the Company through postal ballot.

(b) On April 27, 2017, the Board of Directors of the Company has proposed a final dividend of ₹ 3 per equity share on a pre-bonus share basis. The proposed dividend is subject to the approval of the shareholders in the Annual general meeting.

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

Independent Auditor's Report

To the Members of Biocon Limited

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

We have audited the accompanying consolidated Ind AS financial statements of Biocon Limited ("the Holding Company") and its subsidiaries and a joint venture (collectively referred to as "the Company" or "the Group"), which comprise the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consolidation of reports of the other auditors on separate financial statements of a subsidiary and a joint venture of the group as noted below, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the consolidated financial position of the Group as at 31 March 2017, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other matters

a) The comparative financial information of the Group for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 26 April 2016 and 29 April 2015 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

b) We did not audit the financial statements and financial information of a subsidiary and a joint venture both incorporated outside India included in the consolidated Ind AS financial statements of the Group. This subsidiary accounts for ₹ 5 million of net profit and ₹ 998 million of revenues for the year ended 31 March 2017 and ₹ 21,856 million of total assets as at 31 March 2017. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 163 million for the year ended 31 March 2017, in respect of such joint venture. The financial statements of the subsidiary and joint venture both incorporated outside India have been audited by the other auditors whose reports have been furnished to us. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to this subsidiary and joint venture, is based on the aforesaid reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiary company and a joint venture both incorporated outside India, as noted in "Other Matters" paragraph, we report to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

   (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;

   (c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

   (e) On the basis of the written representations received from the directors of the Group Companies incorporated in India as on 31 March 2017 taken on record by the respective Board of Directors of the Group Companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a Director of that company in terms of Section 164(2) of the Act;

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

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the separate financial statements and other financial information of the subsidiary company and a joint venture, as noted in the 'Other Matters' paragraph:

      i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note 35 to the consolidated Ind AS financial statements;

      ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for the material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer note 38 to the consolidated Ind AS financial statements;

      iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and

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

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Biocon Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 27 April 2017

Consolidated Balance Sheet as at March 31, 2017

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

	Note	March 31, 2017	March 31, 2016	April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	35,529	16,811	15,982
Capital work-in-progress	3	5,327	20,597	15,582
Investment property	4	8	9	11
Goodwill	5	264	264	264
Other intangible assets	5	458	408	228
Intangible assets under development	5	3,065	1,798	1,718
Investment in associates and a joint venture	42(c)	422	259	384
Financial assets				
(i) Investments	6	1,458	-	-
(ii) Derivative assets		1,092	614	874
(iii) Other financial assets	7(a)	197	258	193
Income-tax assets (net)		895	852	890
Deferred tax assets (net)	8	1,975	715	320
Other non-current assets	9(a)	2,775	2,287	2,123
Total non-current assets		53,465	44,872	38,569
Current assets				
Inventories	10	6,353	5,424	4,756
Financial assets				
(i) Investments	11	10,650	8,747	2,478
(ii) Trade receivables	12	8,832	7,145	6,833
(iii) Cash and cash equivalents	13	7,102	7,613	4,575
(iv) Other bank balances	13	3,341	7,773	4,629
(v) Derivative assets		1,059	511	350
(vi) Other financial assets	7(b)	1,551	1,844	468
Other current assets	9(b)	1,589	652	661
Total current assets		40,477	39,709	24,750
TOTAL		93,942	84,581	63,319
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14(a)	1,000	1,000	1,000
Other equity		47,377	39,338	31,622
Equity attributable to owners of the Company		48,377	40,338	32,622
Non-controlling interests	42(b)	3,761	2,658	1,121
Total equity		52,138	42,996	33,743
Non-current liabilities				
Financial liabilities				
(i) Borrowings	15	21,082	20,724	7,671
(ii) Derivative liability		61	191	174
(iii) Other financial liabilities	16(a)	2	3	6
Provisions	17(a)	360	299	150
Other non-current liabilities	18(a)	3,516	3,711	5,601
Total non-current liabilities		25,021	24,928	13,602
Current liabilities				
Financial liabilities				
(i) Borrowings	19	972	3,949	2,610
(ii) Trade payables	20	7,397	6,098	4,126
(iii) Derivative liability		63	143	128
(iv) Other financial liabilities	16(b)	3,261	1,964	4,416
Provisions	17(b)	468	374	398
Income tax liability (net)		964	965	609
Other current liabilities	18(b)	3,658	3,164	3,687
Total current liabilities		16,783	16,657	15,974
TOTAL		93,942	84,581	63,319

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

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

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

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	21	39,216	33,810
Other income	22	1,571	792
Total income		**40,787**	**34,602**
Expenses			
Cost of raw materials and packing materials consumed	23	13,224	12,549
Purchases of traded goods		1,932	760
Changes in inventories of traded goods, finished goods and work-in-progress	24	(690)	(405)
Excise duty		305	336
Employee benefits expense	25	7,470	6,101
Finance costs	26	260	293
Depreciation and amortisation expense	27	2,772	2,487
Other expenses	28	8,463	8,111
		33,736	**30,232**
Less: Recovery of product development costs from co-development partners (net)	29	(1,283)	(1,320)
Total expenses		**32,453**	**28,912**
Profit before tax, share of profit of joint venture, exceptional items and tax		8,334	5,690
Share of profit of joint venture		163	217
Profit before tax and exceptional items		**8,497**	**5,907**
Exceptional items, net	32	-	1,606
Profit before tax		**8,497**	**7,513**
Tax expense	41		
Current tax		2,082	1,813
Less: MAT credit entitlement		(369)	(166)
Deferred tax		(97)	(225)
Total tax expense		**1,616**	**1,422**
Profit for the year		**6,881**	**6,091**

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Consolidated Statement of Profit and Loss for the year ended March 31, 2017 (Contd.)

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

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(57)	(39)
Income tax effect		15	9
		(42)	**(30)**
(ii) Items that may be reclassified subsequently to profit or loss			
Effective portion of gains/ (losses) on hedging instrument in cash flow hedges		1,293	(21)
Income tax effect		(263)	(5)
		1,030	**(26)**
Other comprehensive income/ (expense) for the year, net of taxes		988	(56)
Total comprehensive income for the year		7,869	6,035
Profit attributable to:			
Shareholders of the Company		6,121	5,504
Non-controlling interest		760	587
Profit for the year		6,881	6,091
Other comprehensive income/ (expense) attributable to:			
Shareholders of the Company		764	(58)
Non-controlling interest		224	2
Other comprehensive income/ (expense) for the year		988	(56)
Total comprehensive income attributable to:			
Shareholders of the Company		6,885	5,446
Non-controlling interest		984	589
Total comprehensive income for the year		7,869	6,035
Earnings per share	31		
Basic (in ₹)		31.18	28.04
Diluted (in ₹)		30.97	28.01

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
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Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

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

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

(A) Equity share capital	March 31, 2017	March 31, 2016
Opening balance	1,000	1,000
Changes in equity share capital	-	-
Closing balance	**1,000**	**1,000**

(B) Other equity

Particulars	Attributable to owners of the Company												Non-controlling interests	Total
	Securities premium reserve	Revaluation reserve	Capital reserve	General reserve	Retained earnings	SEZ Re-investment reserve	Share based payment reserve	Treasury shares	Foreign currency translation reserve	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity		
Balance at April 01, 2015	2,788	9	801	3,459	24,054	-	462	(427)	494	-	(18)	31,622	1,121	32,743
Profit for the year	-	-	-	-	5,504	-	-	-	-	-		5,504	587	6,091
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	163	(32)	(26)	105	2	107
Transactions with Owners directly recorded in equity:														
Dividend including dividend distribution tax	-	-	-	-	(1,148)	-	-	-	-	-	-	- (1,148)	(53)	(1,201)
Share based payment	-	-	-	-	-	-	186	-	-	-	-	186	-	186
Gain on sale of shares in subsidiary, net of tax [refer note 32]	-	-	-	-	3,160	-	-	-	-	-	-	3,160	939	4,099
Purchase of treasury shares	-	-	-	-	-	-	-	(150)	-	-	-	(150)	-	(150)
Exercise of share options	-	-	-	-	99	-	(40)	-	-	-	-	59	62	121
Balance at March 31, 2016	2,788	9	801	3,459	31,669	-	608	(577)	657	(32)	(44)	39,338	2,658	41,996

Consolidated Statement of Changes in Equity for the year ended March 31, 2017 (Contd.)

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

(B) Other equity (Contd.)

Particulars	Attributable to owners of the Company												Non-controlling interests	Total
	Securities premium reserve	Revaluation reserve	Capital reserve	General reserve	Retained earnings	SEZ Re-investment reserve	Share based payment reserve	Treasury shares	Foreign currency translation reserve	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity		
Balance at March 31, 2016	2,788	9	801	3,459	31,669	-	608	(577)	657	(32)	(44)	39,338	2,658	41,996
Profit for the year	-	-	-	-	6,121	-	-	-	-	-	-	6,121	760	6,881
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(118)	800	(36)	646	224	870
Transfer to Special Economic Zone ('SEZ') re-investment reserve	-	-	-	-	(162)	162	-	-	-	-	-	-	-	-
Transfer from SEZ re-investment reserve on utilisation	-	-	-	-	162	(162)	-	-	-	-	-	-	-	-
Transactions with Owners directly recorded in equity:														
Share based payment	-	-	-	-	-	-	266	-	-	-	-	266	-	266
Tax benefit related to gain on sale of share in subsidiary [refer note 32]	-	-	-	-	1,042	-	-	-	-	-	-	1,042	-	1,042
Purchase of treasury shares	-	-	-	-	-	-	-	(150)	-	-	-	(150)	-	(150)
Exercise of share options	120	-	-	-	193	-	(199)	-	-	-	-	114	119	233
Balance as at March 31, 2017	2,908	9	801	3,459	39,025	-	675	(727)	539	768	(80)	47,377	3,761	51,138

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

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

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

		March 31, 2017	March 31, 2016
I	**Cash flows from operating activities**		
	Profit for the year	6,881	6,091
	Adjustments to reconcile profit for the year to net cash flows		
	Depreciation and amortisation	2,772	2,487
	Tax expense	1,616	1,422
	Unrealised foreign exchange (gain)/loss	311	18
	Share-based compensation expense	266	186
	Provision/(reversal of provision) for doubtful debts	34	(47)
	Bad debts written off	6	8
	Interest expense	260	226
	Interest income	(1,115)	(428)
	Dividend income	(156)	(191)
	Net gain on financial assets measured at fair value through profit or loss	(132)	-
	Net gain on sale of investments	(39)	(16)
	Proceeds from insurance company towards loss of tangible assets	159	-
	Share of profit of joint venture	(163)	(217)
	Exceptional items, net	-	(1,606)
	Operating profit before working capital changes	10,700	7,933
	Movements in working capital		
	Decrease/(increase) in inventories	(929)	(668)
	Decrease/(increase) in trade receivables	(1,883)	(654)
	Decrease/(increase) in other assets	(1,125)	(2,019)
	Increase/(decrease) in trade payable, other liabilities and provisions	1,667	1,579
	Cash generated from operations	8,430	6,171
	Direct taxes paid (net of refunds)	(2,030)	(2,465)
	Net cash flow generated from operating activities	6,400	3,706
II	**Cash flows from investing activities**		
	Purchase of tangible assets	(6,084)	(6,180)
	Acquisition of intangible assets	(1,537)	(1,857)
	Proceeds from sale of fixed assets	2	9
	Purchase of investments	(38,689)	(39,668)
	Proceeds from sale of investments	33,182	42,964
	Investment in bank deposits and inter corporate deposits	(17,337)	(11,190)
	Redemption/maturity of bank deposits and inter corporate deposits	24,083	3,710
	Interest received	1,239	262
	Dividend received	156	533
	Net cash flow generated from/(used in) investing activities	(4,985)	(11,417)
III	**Cash flows from financing activities**		
	Purchase of treasury shares	(150)	(150)
	Proceeds from exercise of share options	193	99
	Proceeds from long-term borrowings	2,002	12,620
	Repayment of long-term borrowings	(264)	(541)
	Proceeds/ (Repayment) of short-term borrowings (net)	(2,970)	1,350
	Dividend paid on equity shares including tax thereon	-	(2,201)
	Interest paid	(586)	(501)
	Net cash flow generated from/(used in) financing activities	(1,775)	10,676

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

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

		March 31, 2017	March 31, 2016
IV	Net increase/(decrease) in cash and cash equivalents (I + II + III)	(360)	2,965
V	Effect of exchange differences on cash and cash equivalents held in foreign currency	(113)	35
VI	Cash and cash equivalents at the beginning of the year	7,575	4,575
VII	Cash and cash equivalents at the end of the year (IV + V + VI)	7,102	7,575
	Reconciliation of cash and cash equivalents as per statement of cash flows		
	Cash and cash equivalents [note 13]		
	Balances with banks - on current accounts	7,096	7,063
	- on unpaid dividend accounts*	6	10
	Deposits with original maturity of less than 3 months	-	540
		7,102	7,613
	Bank overdrafts/ cash credits [note 19]	-	(38)
	Balance as per statement of cash flows	7,102	7,575
	*The Group can utilize these balances only towards settlement of the respective unpaid dividend liabilities.		-

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

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

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

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

1. Company Overview

1.1 Reporting entity

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

1.2 Basis of preparation of financial statements

a. Statement of compliance

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

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

As these are the Group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 40.

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

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

b. Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the functional currency of the parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated. In respect of subsidiaries and associates whose operations are self-contained and integrated, the functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

c. Basis of measurement

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

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

d. Use of estimates and judgements

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

Judgements

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

- Note 1.2(b) – Assessment of functional currency;
- Note 2(c) and 38 – Financial instruments;
- Note 2(d), 2(e) and 2(f) – Useful lives of property, plant and equipment, intangible assets and investment property;
- Note 36 – Assets and obligations relating to employee benefits;
- Note 30 – Share based payments;
- Note 2(n), 8 and 41 – Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets

e. Assumptions and estimation uncertainties

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

- Note 2(n), 8 and 41 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 38 – impairment of financial assets;
- Note 36 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 17 and 35 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

f. Measurement of fair values

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 30 – Share-based payment arrangements;
- Note 4 – Investment property; and
- Note 2(c) and 38 – financial instruments.

2. Significant accounting policies

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, Income Taxes.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

ii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in statement of profit and loss.

iii. Associates and joint arrangements (equity accounted investees)

The Group's interests in equity accounted investees comprise interests in associates and a joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity- accounted investees until the date on which significant influence or joint control ceases.

b. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Under previous GAAP exchange differences arising on restatement of long-term foreign currency monetary items related to acquisition of depreciable assets was added to/deducted from the cost of the depreciable assets. In accordance with Ind AS 101 First time adoption of Indian Accounting Standards the Group continues the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements as on March 31, 2016.

ii. Foreign operations

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

c. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 38 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. De-recognition of financial instruments

Financial assets

The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is de-recognised from the Group's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

Financial liabilities

The Group de-recognises a financial liabilities when its contractual obligations are discharged or cancelled, or expire.

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

iv. Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

v. Treasury shares

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

vi. Offsetting

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

vii. Cash and cash equivalents

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

viii. Cash dividend to equity holders

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

d. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Depreciation

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

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

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25-30 years	30 years
Roads	5 years	5 years
Plant and equipment (including Electrical installation and Lab equipment)	9-15 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	5 years	5 years
Research and development equipment	9 years	5-10 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	5 years or lease period whichever is lower	

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

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

e. Goodwill and other intangible assets

i. Goodwill

For measurement of goodwill that arises on a business combination refer note 37. Subsequent measurement is at cost less any accumulated impairment losses.

ii. Other intangible assets

Internally generated: Research and development

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

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

Others

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

iii. Subsequent expenditure

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

iv. Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

—	Computer software	3-5 years
—	Marketing and Manufacturing rights	5-10 years
—	Customer related intangibles	5 years

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

f. Investment property

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

Based on technical evaluation and consequent advice, the management believes a period of 25 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Group depreciates investment properties over a period of 25 years on a straight-line basis. The useful life estimate of 25 years is different from the indicative useful life of relevant type of buildings mentioned in Part C of Schedule II to the Act i.e. 30 years.

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

g. Business combination

In accordance with Ind AS 103, Business combinations, the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company (see Note 37). The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

h. Inventories

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

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

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

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

i. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on following:

— financial assets measured at amortised cost; and

— financial assets measured at FVOCI- debt investments.

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

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

ii. Impairment of non-financial assets

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

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

j. Employee benefits

i. Gratuity

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

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

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

ii. Provident Fund

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

iii. Compensated absences

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

iv. *Share-based compensation*

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

k. Provisions (other than for employee benefits)

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

Onerous contracts

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

l. Revenue

i. *Sale of goods*

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimate reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances.

ii. *Milestone payments and out licensing arrangements*

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

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

iii. *Contract research and manufacturing services income:*

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts. Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Group monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research services for which separate invoices are raised, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer, and comprise amounts invoiced for compounds sold.

In respect of services, the Group collects service tax as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

iv. *Sales Return Allowances*

The Group accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Group's estimate of expected sales returns. The estimate of sales return is determined primarily by the Group's historical experience in the markets in which the Group operates.

v. *Dividends*

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

vi. Rental income

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

vii. Contribution received from customers/co-development partners towards plant and equipment

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

m. Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are deducted in reporting the related expense.

n. Income taxes

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

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

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

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

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

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

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

o. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

p. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

q. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairperson and Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance.

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

	Land	Buildings	Leasehold improvements	Plant and equipment	Research & development equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
	[refer note (a)]			[refer note (c)]					[refer note (f)]
Gross carrying amount									
At April 01, 2015	1,362	5,926	5	19,986	2,028	552	59	29,918	15,582
Additions	130	657	-	2,254	60	83	6	3,190	7,291
Disposals	-	-	-	(85)	-	-	(8)	(93)	(3,190)
Other adjustments									
- Foreign currency translation	59	24	-	15	-	-	-	98	914
At March 31, 2016	**1,551**	**6,607**	**5**	**22,170**	**2,088**	**635**	**57**	**33,113**	**20,597**
Additions	663	6,288	-	14,806	113	218	20	22,108	6,728
Disposals	-	(99)	-	(1,753)	-	(58)	(7)	(1,917)	(22,108)
Other adjustments									
- Foreign currency translation	(22)	(4)	-	(9)	-	-	-	(35)	110
At March 31, 2017	**2,192**	**12,792**	**5**	**35,214**	**2,201**	**795**	**70**	**53,269**	**5,327**
Accumulated depreciation									
At April 01, 2015	-	1,386	4	11,006	1,184	337	19	13,936	-
Depreciation for the year	-	249	-	1,971	155	68	6	2,449	-
Disposals	-	-	-	(80)	-	-	(4)	(84)	-
Other adjustments									
- Foreign currency translation	-	-	-	1	-	-	-	1	-
At March 31, 2016	**-**	**1,635**	**4**	**12,898**	**1,339**	**405**	**21**	**16,302**	**-**
Depreciation for the year	-	282	-	2,176	142	85	10	2,695	-
Disposals	-	(36)	-	(1,158)	-	(52)	(7)	(1,253)	-
Other adjustments									
- Foreign currency translation	-	(1)	-	(3)	-	-	-	(4)	-
At March 31, 2017	**-**	**1,880**	**4**	**13,913**	**1,481**	**438**	**24**	**17,740**	**-**
Net carrying amount									
At April 01, 2015	1,362	4,540	1	8,980	844	215	40	15,982	15,582
At March 31, 2016	1,551	4,972	1	9,272	749	230	36	16,811	20,597
At March 31, 2017	2,192	10,912	1	21,301	720	357	46	35,529	5,327

(a) Land includes land held on leasehold basis: Gross carrying amount ₹ Nil (March 31, 2016 - ₹ 236); Net carrying amount ₹ Nil (March 31, 2016 - ₹236).

(b) During the year ended March 31, 2016, the Group had acquired the business of the pharmaceutical manufacturing unit of M/s. Acacia Lifesciences Private Limited located at Vishakhapatnam with effect from October 01, 2015. Also refer note 37.

(c) Plant and equipment include computers and office equipment.

(d) Foreign exchange gain of ₹ 169 (March 31, 2016 - ₹ 21) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset and is being depreciated over the balance life of the asset.

(e) Additions to property, plant and equipment includes additions related to research and development amounting to ₹ 297 (March 31, 2016 - ₹ 80).

(f) Capital work-in-progress as on March 31, 2017 mainly comprises new biopharmaceutical manufacturing units being constructed in India.

(g) For details of security on certain property, plant and equipment, refer note 15(b), (d), (e) and (f).

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4. Investment property

Gross carrying amount	
At April 01, 2015	34
At March 31, 2016	34
At March 31, 2017	34
Accumulated depreciation	
At April 01, 2015	23
Depreciation for the year	2
At March 31, 2016	**25**
Depreciation for the year	1
At March 31, 2017	**26**
Net carrying amount	
At April 01, 2015	11
At March 31, 2016	9
At March 31, 2017	8

During the year, the Company has recognised rental income of ₹ 20 (March 31, 2016 - ₹ 20) and depreciation charge of ₹ 1 (March 31, 2016 - ₹ 2) in the statement of profit and loss for investment properties.

The fair value of the investment property as at March 31, 2017 is ₹ 8 (March 31, 2016 - ₹ 9; April 01, 2015 - ₹ 11).

5. Intangible assets

	Goodwill	Intangible assets					Intangible assets under development		
		Other intangible assets [refer note (a)]	Marketing and Manufacturing rights [refer note (b)]	IP under commercialisation	Customer related intangible [refer note 37]	Total	Product under development	Marketing rights	Total
Gross carrying amount									
At April 01, 2015	264	264	64	81	-	409	670	1,048	1,718
Additions	-	72	101	-	77	250	1,082	-	1,082
Other adjustments									
- Impairment [refer note 32]	-	-	-	-	-	-	-	(1,078)	(1,078)
- Foreign currency translation	-	-	-	-	-	-	46	30	76
At March 31, 2016	**264**	**336**	**165**	**81**	**77**	**659**	**1,798**	**-**	**1,798**
Additions	-	169	-	-	-	169	1,342	-	1,342
Other adjustments									
- Foreign currency translation	-	-	-	-	-	-	(75)	-	(75)
At March 31, 2017	**264**	**505**	**165**	**81**	**77**	**828**	**3,065**	**-**	**3,065**
Accumulated amortisation									
At April 01, 2015	-	88	12	81	-	181	-	-	-
Amortisation for the year	-	50	12	-	8	70	-	-	-
At March 31, 2016	**-**	**138**	**24**	**81**	**8**	**251**	**-**	**-**	**-**
Amortisation for the year	-	77	27	-	15	119	-	-	-
At March 31, 2017	**-**	**215**	**51**	**81**	**23**	**370**	**-**	**-**	**-**
Net carrying amount									
At April 01, 2015	264	176	52	-	-	228	670	1,048	1,718
At March 31, 2016	264	198	141	-	69	408	1,798	-	1,798
At March 31, 2017	264	290	114	-	54	458	3,065	-	3,065

(a) The Group acquired the Intellectual Property Rights in System Biology and Pharma Services Practice along with a team of data scientists from Strand Life Sciences Private Limited for a sum of ₹ 120 with effect from August 1, 2016.

(b) Pursuant to an asset purchase agreement, with a customer, executed during the year ended March 31, 2016, the Group has acquired the marketing and manufacturing rights of a product for a sum of ₹ 101.

6. Non-current investments

	March 31, 2017	March 31, 2016	April 01, 2015
I. Unquoted equity instruments			
In others:			
Energon KN Wind Power Private Limited - 38,500 (March 31, 2016 - Nil; April 01, 2015 - Nil) equity shares of ₹ 10 each	1	-	-
Less: Provision for decline, other than temporary, in the value of non-current investments	(1)	-	-
Total unquoted investments in equity instruments	-	-	-
II. Unquoted preference shares			
In associate company:			
IATRICa Inc., USA - 4,285,714 (March 31, 2016 - 4,285,714; April 01, 2015 - 4,285,714) Series A Preferred Stock at US$ 0.70 each, par value US $ 0.00001 each	131	131	131
Less: Provision for decline, other than temporary, in the value of non-current investments	(131)	(131)	(131)
	-	-	-
Others:			
Vaccinex Inc., USA - 2,722,014 (March 31, 2016 - 2,722,014; April 01, 2015 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, par value US $0.001 each	186	186	186
Vaccinex Inc., USA - 217,972 (March 31, 2016 - 217,972; April 01, 2015 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, par value US $0.001 each	32	32	32
Less: Provision for decline, other than temporary, in the value of non-current investments	(218)	(218)	(218)
	-	-	-
Energon KN Wind Power Private Limited - 14,666 (March 31, 2016 - Nil; April 01. 2015 - Nil) Compulsorily Convertible Preference Shares, par value ₹ 100 each	1	-	-
Less: Provision for decline, other than temporary, in the value of non-current investments	(1)	-	-
	-	-	-
Total unquoted investments in preference shares	-	-	-
III. Unquoted debentures or bonds			
Others:			
LIC Housing Finance Co. Ltd. - 700 (March 31, 2016 - Nil; April 01, 2015 - Nil) 7.51% bonds at ₹1,001,120 each, par value ₹ 1,000,000 each	701	-	-
HDFC Ltd. - 75 (March 31, 2016 - Nil; April 01, 2015 - Nil) 8.15% bonds at ₹ 10,090,700 each, par value ₹ 10,000,000 each	757	-	-
Total unquoted investments in debentures or bonds	1,458	-	-
Total non-current investments	**1,458**	**-**	**-**
Aggregate value of unquoted investments	1,809	349	349
Aggregate amount of impairment in value of investments	351	349	349

(a) The Company has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.

7. Other financial assets

	March 31, 2017	March 31, 2016	April 01, 2015
(a) Non-current			
Interest accrued but not due	-	26	-
Deposits	197	232	193
	197	**258**	**193**
(b) Current			
Interest accrued but not due	173	241	98
Unbilled revenue	243	679	296
Other receivables	1,135	924	74
	1,551	**1,844**	**468**

8. Deferred tax assets (net)

	March 31, 2017	March 31, 2016	April 01, 2015
Deferred tax liability			
Property, plant and equipment, investment property and intangible assets	685	686	692
Derivative asset	201	-	48
Others	30	-	-
Gross deferred tax liability	**916**	**686**	**740**
Deferred tax assets			
Employee benefit obligations	182	168	237
Allowance for doubtful debts	20	14	29
Other disallowable expenses	169	145	80
Deferred revenue	-	162	69
MAT credit entitlement	2,113	702	536
Derivative liability	-	91	-
Tax losses	262	-	-
Others	145	119	109
Gross deferred tax assets	**2,891**	**1,401**	**1,060**
Net deferred tax assets	**1,975**	**715**	**320**

9. Other assets

	March 31, 2017	March 31, 2016	April 01, 2015
(a) Non-current			
Capital advances	516	852	588
Duty drawback receivable	329	313	326
Balances with statutory/ government authorities	1,589	951	965
Prepayments	341	171	244
	2,775	**2,287**	**2,123**
(b) Current			
Balances with statutory/ government authorities	241	157	242
Prepayments	1,348	495	419
	1,589	**652**	**661**

10. Inventories

	March 31, 2017	March 31, 2016	April 01, 2015
Raw materials, including goods-in-bond*	1,531	1,354	1,206
Packing materials	386	324	209
Traded goods	223	262	249
Finished goods	1,747	1,773	1,656
Work-in-progress	2,466	1,711	1,436
	6,353	**5,424**	**4,756**

* includes goods in-transit ₹ Nil (March 31, 2016 - ₹ 151; April 01, 2015 - ₹ Nil)

Write-down of inventories to net realisable value amounted to ₹ 3 (March 31, 2016 - ₹ 3). These were recognised as an expense during the year and included in 'changes in inventories of traded goods, finished goods and work-in-progress' in statement of profit and loss.

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	March 31, 2017	March 31, 2016	April 01, 2015
11. Current investments			
Unquoted			
Investment in mutual funds			
Birla Sun Life Short Term Fund- Growth 14,572,296 (March 31, 2016 - Nil; April 01, 2015 - Nil) units	907	-	-
DHFL Pramerica Banking & PSU Debt Fund GR 6,602,593 (March 31, 2016 - Nil; April 01, 2015 - Nil) units	93	-	-
Axis Liquid Fund - Daily Dividend Reinvestment Nil (March 31, 2016 - Nil; April 01, 2015 - 98,005) units	-	-	98
DWS Banking & PSU Debt Fund - Weekly Dividend Reinvestment Nil (March 31, 2016 - 70,409,716; April 01, 2015 - Nil) units	-	724	-
Edelweiss Banking and PSU Debt Fund - Regular Plan Growth 20,407,166 (March 31, 2016 - Nil; April 01, 2015 - Nil) units	276	-	-
HDFC Liquid Fund - Daily Dividend Reinvestment Nil (March 31, 2016 - Nil; April 01, 2015 - 13,566,785) units	-	-	138
HDFC Medium Term Opportunities Fund - Regular Plan - Growth 27,762,046 (March 31, 2016 - Nil; April 01, 2015 - Nil) units	503	-	-
HDFC Short Term Opportunities Fund - Regular Plan - Growth 22,489,571 (March 31, 2016 - Nil; April 01, 2015 - Nil) units	405	-	-
IDFC Cash Fund - Daily Dividend Regular Plan Nil (March 31, 2016 - Nil; April 01, 2015 - 158,344) units	-	-	159
JP Morgan Banking & PSU Debt Fund - Weekly Dividend Reinvestment Option Nil units (March 31, 2016 - 24,569,495 units; April 01, 2015 - Nil units)	-	258	-
Reliance Banking & PSU Debt Fund Weekly Dividend Plan Nil (March 31, 2016 - 46,064,513; April 01, 2015 - Nil) units	-	465	-
Reliance Banking & PSU Debt Fund - Growth 72,201,894 units (March 31, 2016 - Nil units; April 01, 2015 - Nil units)	851	-	-
Reliance Liquidity Fund - Daily Dividend Reinvestment Option Nil (March 31, 2016 - Nil; April 01, 2015 - 135,112) units	-	-	135
SBI Premier Liquid Fund - Regular Plan - Daily Dividend Nil (March 31, 2016 - 154,313; April 01, 2015 - Nil) units	-	155	-
Tata Fixed Maturity Plan Series 47 Scheme C - Plan A - Growth Nil (March 31, 2016 - Nil; April 01, 2015 - 15,000,000) units	-	-	150
Tata Liquid Fund - Plan A - Daily Dividend Nil (March 31, 2016 - Nil; April 01, 2015 - 229,233) units	-	-	255
UTI - Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment 91,862 (March 31, 2016 - 41,818; April 01, 2015 - 175,000) units	92	42	175
UTI Treasury Advantage Fund 122,052 (March 31, 2016: Nil; April 01, 2015: Nil) units	274	-	-
Reliance Money Manager Fund 69,072 (March 31, 2016: Nil; April 01, 2015: Nil) units	155	-	-
Kotak Treasury Advantage Fund 7,932,353 (March 31, 2016: Nil; April 01, 2015: Nil) units	207	-	-
HDFC Floating Rate Income Fund 27,436,866 (March 31, 2016: Nil; April 01, 2015: Nil) units	776	-	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan 27,293,310 (March 31, 2016: Nil; April 01, 2015: Nil) units	208	-	-
IDFC Ultra Short term Fund 26,359,631 (March 31, 2016: Nil; April 01, 2015: Nil) units	607	-	-
HDFC Floating Rate Income Fund 1,828,193 (March 31, 2016: Nil; April 01, 2015: Nil) units	52	-	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan 9,353,355 (March 31, 2016: Nil; April 01, 2015: Nil) units	608	-	-
Birla Savings Fund 2,431,913 (March 31, 2016: Nil; April 01, 2015: Nil) units	775	-	-
ICICI Prudential Flexible Income Fund 1,947,431 (March 31, 2016: Nil; April 01, 2015: Nil) units	606	-	-
Baroda Pioneer Liquid Fund - Plan A Daily Dividend Nil (March 31, 2016: 40,637; April 01, 2015: Nil) units	-	41	-
Axis Liquid Fund - Daily Dividend Nil (March 31, 2016: 200,433; April 01, 2015: Nil) units	-	201	-
UTI-Treasury Advantage Fund - Daily Dividend Reinvestment Nil (March 31, 2016: 252,021; April 01, 2015: Nil) units	-	253	-
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan 5,303,556 (March 31, 2016: 5,016,970; April 01, 2015: 2,521,502) units	533	503	253
Birla Sun Life Cash Plus - Daily Dividend- Direct Plan Nil (March 31, 2016: Nil; April 01, 2015: 93,857) units	-	-	9
Birla Sun Life Cash Plus - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 748,871) units	-	-	75
ICICI FMP Series 78 - 95 D Plan K Dividend Nil (March 31, 2016: 13,003,654; April 01, 2015: Nil) units	-	130	-
ICICI Prudential Flexible Income - Daily Dividend 5,706,959 (March 31, 2016: 4,689,806; April 01, 2015: 2,391,423) units	602	496	253
ICICI Prudential Liquid - Regular Plan - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 699,774) units	-	-	70

	March 31, 2017	March 31, 2016	April 01, 2015
JP Morgan Liquid Fund - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 4,033,108) units	-	-	40
TATA Floater Fund Plan A - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 125,068) units	-	-	126
HDFC Liquid Fund - Direct Plan -Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 1,013,825) units	-	-	10
HDFC Liquid Fund - Regular Plan - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 266,017) units	-	-	3
HDFC Liquid fund - Daily Dividend Reinvestment Nil (March 31, 2016: 171,988; April 01, 2015: Nil) units	-	175	-
HDFC Floating Rate Income Fund -Short Term -Dividend Reinvestment Nil (March 31, 2016: 49,241,163; April 01, 2015: 14,034,587) units	-	496	142
Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 18,308) units	-	-	22
Kotak Liquid Fund Plan A - Regular Plan - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 99,734) units	-	-	122
Reliance Money Manager Fund - Daily Dividend Plan Nil (March 31, 2016: 151,044; April 01, 2015: Nil) units	-	152	-
Reliance Liquid Fund - Regular Plan - Daily Dividend Nil (March 31, 2016: 154,108; April 01, 2015: 125,892) units	-	236	193
Reliance Liquid Fund - Cash Plan - Daily Dividend Nil (March 31, 2016: Nil; April 01, 2015: 45,147) units	-	-	50
	8,530	4,327	2,478
In others			
Inter corporate deposits with financial institutions	2,120	4,420	-
	10,650	**8,747**	**2,478**
Aggregate value of unquoted investments	10,650	8,747	2,478

12. Trade receivables

Unsecured, considered good	8,832	7,145	6,833
Doubtful	90	56	90
	8,922	7,201	6,923
Allowance for credit loss	(90)	(56)	(90)
	8,832	**7,145**	**6,833**
The above includes :			
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of board of directors of NHL.	4	8	5

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 38.

13. Cash and bank balances

Cash and cash equivalents			
Balances with banks:			
On current accounts	7,096	7,063	4,569
On unpaid dividend account	6	10	6
Deposits with original maturity of less than 3 months	-	540	-
Total cash and cash equivalents	**7,102**	**7,613**	**4,575**
Other bank balances			
Deposits with maturity of less than 12 months	3,338	7,770	4,626
Margin money deposit [refer note (a) below]	3	3	3
Total other bank balances	**3,341**	**7,773**	**4,629**
Total cash and bank balances	**10,443**	**15,386**	**9,204**

(a) Margin money deposits with carrying amount of ₹ 3 (March 31, 2016 - ₹ 3; April 01, 2015 - ₹ 3) are subject to first charge against bank guarantees obtained.

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

	March 31, 2017	March 31, 2016	April 01, 2015
14(a) Equity share capital			
Authorised			
220,000,000 (March 31, 2016 - 220,000,000; April 01, 2015 - 220,000,000) equity shares of ₹ 5 each (March 31, 2016 - ₹ 5 each; April 01, 2015 - ₹ 5 each)	1,100	1,100	1,100
Issued, subscribed and fully paid-up			
200,000,000 (March 31, 2016 - 200,000,000; April 01, 2015 - 200,000,000) equity shares of ₹ 5 each (March 31, 2016 - ₹ 5 each; April 01, 2015 - ₹ 5 each)	1,000	1,000	1,000

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

Equity shares

	March 31, 2017		March 31, 2016	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	**200,000,000**	**1,000**	**200,000,000**	**1,000**

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	March 31, 2017		March 31, 2016	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr Kiran Mazumdar-Shaw	79,287,564	39.64%	79,287,564	39.64%
Glentec International Limited	39,535,194	19.77%	39,535,194	19.77%

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

(iv) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 30.

14(b) Other equity

Securities premium reserve

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

General reserve

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

Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the standalone financial statements of the Company and also considering the requirements of the Act. Thus the amounts reported are not distributable in entirety.

SEZ re-investment reserve

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

Share based payment reserve

The Group has established various equity settled share-based payment plans for certain categories of employees of the Group. Also refer note 30 for further details on these plans

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's reporting currency (i.e. ₹) are accumulated in the foreign currency translation reserve.

Cash flow hedging reserves

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

15. Long-term borrowings

	March 31, 2017	March 31, 2016	April 01, 2015
Deferred sales tax liability (unsecured) [refer note (a) below]	-	65	195
Loans from banks (secured)			
Term loan [refer notes (b), (d), (e) and (f) below]	21,403	20,090	8,097
Buyers credit [refer note (c) below]	611	624	186
Other loans and advances (unsecured)			
NMITLI - CSIR Loan [refer note (g) below]	1	1	1
Financial assistance from DSIR [refer note (h) below]	3	6	10
Financial assistance from DST [refer note (i) below]	35	42	48
	22,053	20,828	8,537
Less: Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(971)	(104)	(866)
	21,082	**20,724**	**7,671**
The above amount includes			
Secured borrowings	22,014	20,714	8,283
Unsecured borrowings	39	114	254
Amount disclosed under the head "other current financial liabilities" [refer note 16(b)]	(971)	(104)	(866)
Net amount	**21,082**	**20,724**	**7,671**

(a) On February 9, 2000, the Company obtained an order from the Karnataka Sales Tax Authority for allowing an interest free deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding ₹649. This is an interest free liability. The amount is repayable in 10 equal half yearly instalments of ₹ 65 each starting from February 2012. The loan was repaid during the year.

(b) During the year ended March 31, 2016, the Company has obtained an external commercial borrowing facility of USD 20 million from a bank. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility. The long-term loan is repayable in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carries an interest rate of LIBOR + 0.95% p.a. The Company has entered into interest rate swap to convert floating rate to fixed rate. Also refer note 38.

(c) Syngene International Limited ('Syngene') has obtained foreign currency denominated long term secured buyer's credit loans of ₹ 611 (USD 9.41 million) [March 31, 2016 - ₹ 624 (USD 9.41 million); April 01, 2015 - ₹ 186 (USD 3 million)] from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% to Libor + 0.80% p.a. The loan is guaranteed by Hong Kong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hong Kong and Shanghai Banking Corporation Limited, India is secured by a pari passu charge on the current assets and movable fixed assets of Syngene. The loans are repayable at end of 960 days to 1079 days from the date of its origination.

(d) (i) Syngene has entered into External Commercial Borrowing agreement with The Hong Kong and Shanghai Banking Corporation Limited (the Agent), Citibank N.A. and HSBC Bank (Mauritius) Limited (the Lead arrangers) dated March 30, 2016 to borrow ₹ 6,628 (USD 100 million) comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of Syngene.

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

(iii) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of Syngene.

(e) During the year ended March 31, 2016, Biocon Pharma Limited ('BPL') had obtained an external commercial borrowing of USD 20 million from a bank, carrying interest of Libor + 1.75% p.a. The loan is payable in 11 unequal quarterly instalments commencing from June 28, 2019. The loan is secured by first priority pari-passu charge on the plant and machinery of the facility for the manufacture of pharmaceuticals. BPL has entered into interest rate swap to convert floating rate to fixed rate.

(f) Biocon Sdn. Bhd., Malaysia ('Biocon Malaysia') had obtained a term loan facility of USD 130 million from a consortium of banks. During the year ended March 31, 2016, Biocon Sdn. Bhd. has refinanced the existing term loan from Standard Chartered Bank (Hong Kong) Limited. The loan in repayable in quarterly installments commencing from March, 2017. On July 6, 2015, Biocon Sdn Bhd has entered into a new term loan agreement with Standard Chartered Bank (Hong Kong) Limited for an amount of USD 70 million. The loan is repayable in quarterly installments commencing from March, 2017.

The term loans are denominated in USD and carries an interest rate of LIBOR + 3.25% p.a. The term loan is secured by a fixed and floating charge over all present and future assets and a charge over the freehold property of Biocon Malaysia.

(g) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹3 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual instalments of ₹ 0.3 starting from April 2009 and carry an interest rate of 3% p.a.

(h) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to the Company for part financing one of its research projects. The assistance is repayable in the form of royalty payments for three years post commercialisation of the project in five equal annual instalments of ₹ 3 each, starting from April 1, 2013.

(i) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3% p.a.

(j) In respect of the financial assistance received under the aforesaid programmes (refer note (g) to (i) above), the Company is required to utilise the funds for the specified projects and is required to obtain prior approvals from the said authorities for disposal of assets/ Intellectual property rights acquired/ developed under the above programmes.

(k) The Group's exposure to liquidity, interest rate and currency risks are disclosed in note 38.

	March 31, 2017	March 31, 2016	April 01, 2015
16. Other financial liabilities			
(a) Non-current			
Interest accrued but not due	2	3	6
	2	3	6
(b) Current			
Current maturities of long-term borrowings [refer note 15]	971	104	866
Unpaid dividends	6	10	6
Payables for capital goods	2,284	1,850	2,544
Interim dividend on equity shares	-	-	1,000
	3,261	1,964	4,416
17. Provisions			
(a) Non-current			
Provision for employee benefits			
Gratuity [refer note 36]	360	299	150
	360	299	150
(b) Current			
Provision for employee benefits			
Gratuity [refer note 36]	131	77	124
Compensated absences	201	167	144
Provision for sales return	136	130	130
	468	374	398

(i) Movement in provisions	Gratuity	Compensated absences	Sales return
Opening balance	376	167	130
Provision recognised/ (reversed) during the year	115	34	6
Closing balance	491	201	136

	March 31, 2017	March 31, 2016	April 01, 2015
18. Other liabilities			
(a) Non-current			
Deferred revenues	3,516	3,711	5,601
	3,516	3,711	5,601
(b) Current			
Deferred revenues	273	267	1,245
Advances from customers	2,340	2,427	2,208
Book overdraft	824	255	90
Statutory taxes and dues payable	221	215	144
	3,658	3,164	3,687

	March 31, 2017	March 31, 2016	April 01, 2015
19. Short-term borrowings			
From banks/financial institutions			
Packing credit foreign currency loan (unsecured) [refer notes (i), (ii), (iii), (iv) and (v) below]	648	2,253	2,610
Packing credit foreign currency loan (secured) [refer note (vi) and (vii) below]	324	1,658	-
Cash credit (secured) [refer note (viii) below]	-	2	-
Bank overdraft (unsecured) [refer note (ix) below]	-	36	-
	972	**3,949**	**2,610**
The above amount includes			
Secured borrowings	324	1,660	-
Unsecured borrowings	648	2,289	2,610

(i) During the year ended March 31, 2016, the Company had obtained unsecured foreign currency denominated loans of ₹ 597 (USD 9 million) [April 01, 2015 - ₹ Nil (USD Nil)], carrying an interest rate of LIBOR + 0.20% p.a. from a bank. The facility was repayable within 120 days from the date of its origination and has been repaid during the year.

(ii) During the year ended March 31, 2016, the Company had obtained unsecured foreign currency denominated loans of ₹ 1,656 (USD 25 million) [April 01, 2015 - ₹ Nil (USD Nil)], carrying an interest rate of LIBOR + 0.10% p.a. from a bank. The facility was repayable within 180 days from the date of its origination and has been repaid during the year.

(iii) During the year ended March 31, 2015, the Company had obtained foreign currency denominated loan of ₹ 561 (USD 9 million), carrying an interest rate of LIBOR + 0.35% p.a., from a bank. The facility was repayable within 180 days from the date of its origination and was repaid during the year ended March 31, 2016.

(iv) Biocon Research Limited ('BRL') had obtained foreign currency denominated loans of ₹ 685 (USD 11 million), carrying an interest rate of LIBOR + 0.35% to 0.50% p.a. from a bank as at April 01, 2015, which has been repaid during the year ended March 31, 2016.

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

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

(vii) Syngene had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 1,658 (USD 25 million) as of March 31, 2016 from The Royal Bank of Scotland N. V. that carried interest rate of Libor + 0.10% p.a. The loans were repayable at the end of 6 months from the date of its origination. The facility provided were secured by charge on fixed assets and current assets of Syngene. The loan has been fully repaid during the current year ended March 31, 2017.

(viii) The Company has working capital facilities with a bank carrying interest rate ranging from 9.7% - 13% p.a. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables.

(ix) BPL has obtained unsecured overdraft facility from a bank carrying interest rate of 9.25% p.a.

	March 31, 2017	March 31, 2016	April 01, 2015
20. Trade payables			
Trade payables	7,397	6,098	4,126
	7,397	**6,098**	**4,126**

All trade payable are 'current'. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 38.

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	March 31, 2017	March 31, 2016
21. Revenue from operations		
Sale of products		
Finished goods	22,193	19,908
Traded goods	3,741	1,647
Sale of services		
Licensing and development fees	1,451	631
Contract research and manufacturing services income	11,378	10,730
Other operating revenue		
Sale of process waste	147	151
Others	306	743
Revenue from operations	39,216	33,810
22. Other income		
Interest income on:		
Deposits with banks and financial institutions	994	398
Others	121	30
Dividend income from current investments	156	191
Net gain on sale of current investments	39	16
Net gain on financial assets measured at fair value through profit or loss	132	-
Other non-operating income	129	157
	1,571	792
23. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,678	1,415
Add: Purchases	13,463	12,812
Less: Inventory at the end of the year	(1,917)	(1,678)
Cost of raw materials and packing materials consumed	13,224	12,549
24. Changes in inventories of traded goods, finished goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	262	249
Finished goods	1,773	1,656
Work-in-progress	1,711	1,436
	3,746	3,341
Inventory at the end of the year		
Traded goods	223	262
Finished goods	1,747	1,773
Work-in-progress	2,466	1,711
	4,436	3,746
	(690)	(405)
25. Employee benefits expense		
Salaries, wages and bonus	6,502	5,314
Contribution to provident and other funds	264	221
Gratuity [refer note 36]	82	66
Share-based compensation expense [refer note 30]	266	186
Staff welfare expenses	356	314
	7,470	6,101
26. Finance costs		
Interest expense on financial liability measured at amortised cost	260	196
Fair value changes on interest rate swap	-	30
Exchange difference to the extent considered as an adjustment to borrowing cost	-	67
	260	293

		March 31, 2017	March 31, 2016
27. Depreciation and amortisation expense			
Depreciation of tangible assets [refer note 3 and 4]		2,696	2,451
Amortisation of intangible assets [refer note 5]		119	70
		2,815	2,521
Less: Expenses capitalised to tangible assets		(43)	(34)
		2,772	2,487
28. Other expenses			
Royalty and technical fees		20	24
Rent		34	29
Communication expenses		59	62
Travelling and conveyance		516	470
Professional charges		566	525
Payment to auditors [refer note (a) below]		12	19
Directors' fees including commission		33	33
Power and fuel		1,564	1,847
Insurance		72	57
Rates, taxes and fees		222	194
Lab consumables		734	614
Repairs and maintenance			
Plant and machinery		691	535
Buildings		212	143
Others		530	478
Selling expenses			
Freight outwards and clearing charges		270	303
Sales promotion expenses		548	446
Commission and brokerage (other than sole selling agents)		256	259
Bad debts written off		6	8
Provision/ (reversal) for doubtful debts, net		34	(47)
Foreign exchange fluctuation, net		23	95
Printing and stationery		69	57
Research and development expenses [refer note 29]		2,724	2,655
Clinical trial & development expenses		134	80
CSR expenditure [refer note 46]		131	112
Miscellaneous expenses		369	285
		9,829	9,283
Less: Adjustment of product development expenses with deferred revenues		-	(152)
Less: Expenses capitalised to intangible assets		(1,366)	(1,020)
		8,463	8,111
(a) Payments to auditors:			
As auditor *:			
Statutory audit fee		6	6
Tax audit fee		2	2
Limited review		2	3
In other capacity:			
Other services (certification fees)		1	-
Audit / Limited review fee in relation to IPO of Syngene		-	6
Reimbursement of out-of-pocket expenses		1	2
		12	19
* Payments for the year ended March 31, 2016 represents fees and reimbursements paid to the predecessor auditor.			
29. Research and development expenses			
Research & development expenses	(a)	2,724	2,655
Other Research & development expenses included in other heads	(b)	2,587	2,579
	(a+b)	5,311	5,234
Less: Recovery of product development costs from co-development partners (net)		(1,283)	(1,320)
Adjustment of product development expenses with deferred revenues		-	(152)
Product development costs capitalised		(1,366)	(1,020)
		2,662	2,742

30. Employee stock compensation

(a) **Biocon ESOP Plan**

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries / joint venture company. The Nomination and Remuneration Committee ('Remuneration Committee') administers the plan through a trust established specifically for this purpose, called the Biocon India Limited Employee Welfare Trust ('ESOP Trust').

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	3,500	231	61,625	185
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Adjustment for issuance of Bonus shares during the year				
Exercised during the year	2,500	231	55,250	179
Expired during the year	1,000	231	2,875	154
Outstanding at the end of the year	-	-	3,500	231
Exercisable at the end of the year	-	-	3,500	231
Weighted average remaining contractual life (in years)	-	-	0.3	-
Range of exercise prices for outstanding options at the end of year (₹)	-	-	231	-

Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

Details of Grant V

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	791,875	343	1,151,975	336
Granted during the year	-	-	-	-
Forfeited during the year	74,625	344	269,087	324
Adjustment for issuance of Bonus shares during the year				
Exercised during the year	221,388	307	91,013	303
Expired during the year	-	-	-	-
Outstanding at the end of the year	495,862	357	791,875	343
Exercisable at the end of the year	135,175	312	220,638	310
Weighted average remaining contractual life (in years)	2.5	-	4.6	-
Range of exercise prices for outstanding options at the end of year (₹)	221-471	-	197-531	-

Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,185,839	470	1,346,152	470
Granted during the year	95,000	477	-	-
Forfeited during the year	61,600	470	160,313	470
Exercised during the year	258,001	471	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	961,238	471	1,185,839	470
Exercisable at the end of the year	125,026	470	116,750	470
Weighted average remaining contractual life (in years)	2.3	-	3.3	-
Weighted average fair value of options granted (₹)	156	-	-	-
Range of exercise prices for outstanding options at the end of year (₹)	470-493	-	470	-

Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,275,500	461	293,000	452
Granted during the year	200,000	605	1,077,500	461
Forfeited during the year	238,500	392	95,000	472
Exercised during the year	16,800	457	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,220,200	482	1,275,500	461
Exercisable at the end of the year	9,450	457	-	-
Weighted average remaining contractual life (in years)	5.2	-	6.0	-
Weighted average fair value of options granted (₹)	251	-	185	-
Range of exercise prices for outstanding options at the end of year (₹)	415-741	-	415-518	-

Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing price as per National Stock Exchange as on the last day of the month preceding the month of first grant.

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Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	312,500	459	-	-
Granted during the year	55,000	457	312,500	459
Forfeited during the year	105,000	457	-	-
Exercised during the year	1,000	457	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	261,500	460	312,500	459
Exercisable at the end of the year	16,750	457	-	-
Weighted average remaining contractual life (in years)	3.8	-	4.6	-
Weighted average fair value of options granted (₹)	149	-	154	-
Range of exercise prices for outstanding options at the end of year (₹)	457-481	-	457-481	-

Grant IX

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	472,500	495	-	-
Forfeited during the year	5,000	467	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	467,500	496	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	8.9	-	-	-
Weighted average fair value of options granted (₹)	617	-	-	-
Range of exercise prices for outstanding options at the end of year (₹)	415-566	-	-	-

Grant X

In June 2016, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at 50% of the closing price as per National Stock Exchange as on the preceding day to the date of grant.

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	255,000	388	-	-
Forfeited during the year	51,250	373	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	203,750	392	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.3	-	-	-
Weighted average fair value of options granted (₹)	442	-	-	-
Range of exercise prices for outstanding options at the end of year (₹)	371-467	-	-	-

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

Particulars	March 31, 2017	March 31, 2016
Weighted Average Exercise Price (₹)	388-605	459-461
Expected volatility	29.5% to 33.4%	29% to 34.5%
Historical volatility	34.32%	34.18%
Life of the options granted (vesting and exercise period) in years	3.0-6.5	3.0-6.5
Expected dividends per share	5.00	5.00
Average risk-free interest rate	7.12%	7.65%
Expected dividend rate	1.10%	1.10%

Expected volatility is based on historical volatility of the market price of the Company's publicly traded equity shares during the expected term of the option grant.

(b) RSU Plan 2015

On March 11, 2015, Biocon's Remuneration Committee approved the Biocon - Restricted Stock Units (RSUs) of Syngene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries other than Syngene. The Remuneration Committee administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employee Welfare Trust ('RSU Trust'). For this purpose, on March 31, 2015, the Company transferred 2,000,000 equity shares of Syngene to RSU Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2017		March 31, 2016	
	Number of Units	Weighted Average Exercise Price (₹)	Number of Units	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,231,803	-	-	-
Granted during the year	193,454	-	1,364,148	-
Forfeited during the year	117,963	-	132,345	-
Exercised during the year	10,742	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,296,552	-	1,231,803	-
Exercisable at the end of the year	92,320	-	-	-
Weighted average remaining contractual life (in years)	4.1	-	4.8	-
Weighted average fair value of options granted (₹)	468		162	

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

Particulars	March 31, 2017	March 31, 2016
Weighted Average Exercise Price	-	-
Expected volatility	29.92% - 44.31%	29.92%
Historical volatility	44.31%	29.92%
Life of the options granted (vesting and exercise period) in years	5.0-6.5	5.0-6.5
Expected dividends per share	1	1
Average risk-free interest rate	7.12%	7.65%
Expected dividend rate	0.30%	0.30%

Expected volatility is based on historical volatility of the market price of the Syngene's publicly traded equity shares during the expected term of the option grant.

(c) Syngene ESOP Plan

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of Syngene. The Board of Directors has approved the employee stock option plan of Syngene. On October 31, 2012 the Trust subscribed 1,875,000 equity shares (Face Value of ₹ 5 per share) of Syngene using the proceeds from interest free loan of ₹ 150 obtained from Syngene. As at March 31, 2017, the Trust holds 4,513,525 (March 31, 2016 - 5,919,219; March 31, 2015 - 6,680,000) equity shares of face value of ₹ 10/- each, adjusted for the consolidation of shares and bonus issue. As at March 31, 2017, the Trust transferred 2,166,475 (March 31, 2016 - 760,781; March 31, 2015 - Nil) equity shares to the employees on exercise of their stock options.

Grant

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

Details of Grant

Particulars	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	4,942,835	22.5	5,057,100	22.5
Granted during the year	166,000	22.5	930,583	22.5
Forfeited during the year	68,684	22.5	284,067	22.5
Exercised during the year	1,405,694	22.5	760,781	22.5
Outstanding at the end of the year	3,634,457	22.5	4,942,835	22.5
Exercisable at the end of the year	668,492	22.5	434,494	22.5
Weighted average remaining contractual life (in years)	1.4	-	3.0	-
Weighted average fair value of options granted (₹)	484.6	-	372.0	-
Weighted average share price at the date of exercise (₹)	509.4	-	367.2	-

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

Particulars	March 31, 2017	March 31, 2016
Dividend yield (%)	0.3%	0.3%
Exercise Price (in ₹)	22.50	22.50
Volatility	34.2%	29.1%
Life of the options granted (vesting and exercise period)	6.15	5.69
Average risk-free interest rate	6.7%	7.5%

	March 31, 2017	March 31, 2016
Summary of movement in respect of the shares held by the ESOP Trust is as follows:		
Opening balance	3,876,828	3,674,928
Add: Shares purchased by the ESOP trust	152,731	348,163
Less: Shares exercised by employees	(499,689)	(146,263)
Closing balance	**3,529,870**	**3,876,828**
Options granted and eligible for exercise at end of the year	286,401	340,888
Options granted but not eligible for exercise at end of the year	3,323,649	3,228,326
Summary of movement in respect of equity shares of Syngene held by the RSU Trust is as follows:		
Opening balance	2,000,000	2,000,000
Less: Shares exercised by employees	(10,742)	-
Closing balance	**1,989,258**	**2,000,000**

	March 31, 2017	March 31, 2016
31. Earnings per share ('EPS')		
Earnings		
Profit for the year attributable to the shareholders of the Company	6,121	5,504
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(3,702,196)	(3,697,436)
Weighted average shares used for computing basic EPS	**196,297,804**	**196,302,564**
Add: Effect of dilutive options granted but not yet exercised/ not yet eligible for exercise	1,376,487	167,870
Weighted average shares used for computing diluted EPS	**197,674,291**	**196,470,434**
Earnings per share		
Basic (in ₹)	31.18	28.04
Diluted (in ₹)	30.97	28.01

	March 31, 2017	March 31, 2016
32. Exceptional items (net)		
Impairment loss on intangible assets [refer note (a) below]	-	(1,078)
Recognition of deferred revenue [refer note (b) below]	-	2,684
Loss on account of fire [refer note (d) below]	795	-
Less: Recoverable from insurance company	(795)	-
	-	1,606

(a) Pursuant to the uncertainty in respect of the ability of the Group to license a product for development and commercialization in certain territories, Biocon SA recorded an impairment of the carrying value of the intangible asset amounting to ₹ 1,078.

(b) Consequent to an agreement with a customer which resulted in changes to the nature of the Group's future obligations on the rh-insulin program, deferred revenue of ₹ 2,684 relating to the program has been recognised as income in the consolidated financial statements for the year ended March 31, 2016.

(c) During the year ended March 31, 2016, Syngene International Limited ('Syngene') completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of ₹ 10 each, by the Company. Gain arising from such sale of equity shares, net of related expenses and cost of equity shares, amounting to ₹ 3,160 is recorded as credit in equity in the consolidated financial statements net off consequential tax of ₹ 1,042 on such gains.

MAT credit on above transaction was not recorded in the previous year due to uncertainty of utilisation. During the current year, pursuant to change in the Income tax law and other business restructuring, the Company believes that it will be able to utilize the MAT credit entitlement. Accordingly, during the year ended March 31, 2017, the Company has recorded MAT credit entitlement of ₹ 1,042 which is included in the income tax expense of the standalone financial statements. However, in the consolidated financial statements such entitlement is recognised as a credit in equity along with the underlying dilution gain on sale of equity stake in Syngene, as it did not impact Group's control.

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

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

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

33. Disclosure on Specified Bank Notes (SBNs)

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

Amount in ₹

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	523,000	1,398,946	1,921,946
(+) Permitted receipts	-	1,956,642	1,956,642
(-) Permitted payments	-	(2,556,809)	(2,556,809)
(-) Amount deposited in Banks	(523,000)	-	(523,000)
Closing cash in hand as on December 30, 2016	**-**	**798,779**	**798,779**

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

34. Related party transactions

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

Sl. No.	Name of the related party	Relationship	Description of transactions	April 1, 2016 to March 31, 2017 Income/(Expenses)/ Other transactions	Balance as at March 31, 2017 (Payable)/ Receivable	April 1, 2015 to March 31, 2016 Income/(Expenses)/ Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	Balance as at April 01, 2015 (Payable)/ Receivable
A.	**Remuneration paid to Key Management Personnel [refer note (a) below]**							
1.	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(20)	-	(16)	-	-
2.	John Shaw	Vice-Chairman & Director	Salary and perquisites	(17)	-	(16)	-	-
3.	Arun Chandavarkar	Joint Managing Director & CEO	Salary and perquisites	(33)	-	(31)	-	-
4.	Siddharth Mittal	President - Finance and Chief Financial Officer	Salary and perquisites	(20)	-	(16)	-	-
5.	Kiran Kumar	Company Secretary (upto Dec. 15, 2016)	Salary and perquisites	(7)	-	(6)	-	-
6.	Rajiv Balakrishnan	Company Secretary (w.e.f. Jan. 24, 2017)	Salary and perquisites	(1)	-	-	-	-
B.	**Others**							
7.	Glentec International Limited	Enterprise owned by key management personnel	Rent expenses paid	-	(1)	-	(1)	(1)
8.	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR Expenditure	(101)	-	(93)	-	-
9.	Narayana Hrudayalaya Limited [formerly known as Narayana Hrudayalaya Private Limited]	Enterprise in which a director of the Company is a member of board of directors	Sale of goods	41	-	52	-	-
			Trade receivables	-	4	-	8	5

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

(b) Share-based compensation expense allocable to key management personnel is ₹ 5 (March 31, 2016 - ₹ 10) which is not included in the remuneration disclosed above.

(c) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

(d) During the year, there is no transaction with Biocon India Limited Employees Welfare Trust (trust in which key management personnel were the Board of Trustees).

(e) All transactions with these related parties are priced on an arms length basis and none of the balances are secured.

(f) The Group has purchased consumables from Mazumdar Farms, a proprietary firm of relative of Director which are not disclosed above since the amounts are rounded off to Rupees million.

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	March 31, 2017	March 31, 2016	April 01, 2015
35. Contingent liabilities and commitments			
(to the extent not provided for)			
(i) Contingent liabilities:			
(a) Claims against the Company not acknowledged as debt	5,272	5,197	2,840
The above includes:			
(i) Direct taxation	4,304	4,132	1,838
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	575	668	610
(iii) Other litigations	393	397	392
The Group is involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Group's financial position and results of operations.			
(b) Guarantees			
(i) Corporate guarantees given to Central Excise Department	648	648	742
(ii) Guarantees given by banks on behalf of the Group for contractual obligations of the Group.	20	60	65
(ii) Commitments:			
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,925	2,131	3,313
(b) Operating lease commitments			
Where the Company is a lessee:			
(i) Vehicles			
The Company has taken vehicles for certain employees under operating leases, which expire over a period upto January, 2020. Gross rental expenses for the year aggregate to ₹ 22 (March 31, 2016 - ₹ 19).			
The committed lease rentals in future are as follows:			
Not later than one year	26	19	15
Later than one year and not later than five years	36	33	27

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36. Employee benefit plans

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

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2016	439	(63)	376
Current service cost	54	-	54
Interest expense/(income)	33	(5)	28
Amount recognised in Statement of profit and loss	**87**	**(5)**	**82**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(2)	(2)
Actuarial (gain)/loss arising from:			
Demographic assumptions	(3)	-	(3)
Financial assumptions	19	-	19
Experience adjustment	43	-	43
Amount recognised in other comprehensive income	**59**	**(2)**	**57**
Employers contribution	-	(24)	(24)
Benefits paid	(34)	34	-
Balance as at March 31, 2017	**551**	**(60)**	**491**

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) liability
Balance as on April 01, 2015	353	(79)	274
Current service cost	44	-	44
Interest expense/ (income)	28	(6)	22
Amount recognised in Statement of profit and loss	**72**	**(6)**	**66**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	-	-
Actuarial (gain)/ loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	10	-	10
Experience adjustment	29	-	29
Amount recognised in other comprehensive income	**39**	**-**	**39**
Employers contribution	-	(3)	(3)
Benefits paid	(25)	25	-
Balance as at March 31, 2016	**439**	**(63)**	**376**

	March 31, 2017	March 31, 2016	April 01, 2015
Non-current	360	299	150
Current	131	77	124
	491	376	274

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

	March 31, 2017	March 31, 2016	April 01, 2015
Interest rate	6.9%	7.5%	8.8%
Discount rate	6.9%	7.5%	7.9%
Expected return on plan assets	6.9%	7.5%	7.9%
Salary increase	9.0%	9.0%	9.0%
Attrition rate	7% - 30%	7% - 26%	7% - 26%
Retirement age - Years	58	58	58

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

The weighted average duration of the defined benefit obligation was 8 years (March 31, 2016 - 8 years).

These defined benefit plans expose the Group to actuarial risks, such as longevity and interest rate risk.

(iii) **Sensitivity analysis**

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

Particulars	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate	(26)	29	(18)	20
Salary increase	28	(26)	20	(18)
Attrition rate	(4)	5	(2)	3

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

As of March 31, 2017 and March 31, 2016, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2018, is approximately ₹ 95 (March 31, 2017 - ₹ 77).

Maturity profile of defined benefit obligation

Particulars	₹ Million
1st Following year	95
2nd Following year	68
3rd Following year	61
4th Following year	67
5th Following year	51
Years 6 to 10	211

37. Business combinations

During the year ended March 31, 2016, the Group acquired the business of pharmaceutical manufacturing unit of M/s Acacia Lifesciences Private Limited located at Vishakhapatnam with effect from October 01, 2015 on a going concern basis for a consideration of ₹ 531 paid in cash. The transaction was accounted under Ind AS 103 "Business Combinations" as a business combination with the purchase price being allocated to identifiable assets and liabilities at fair value.

Following table presents the allocation of purchase price:

Particulars	Amount
Net tangible assets	454
Customer related intangibles	77
Total purchase price	**531**

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38. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	Carrying amount				Fair value			
March 31, 2017	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Non-current investments	-	-	1,458	1,458	-	-	-	-
Derivative assets	71	2,080	-	2,151	-	2,151	-	2,151
Current investments	8,530	-	2,120	10,650	8,530	-	-	8,530
Trade receivables	-	-	8,832	8,832	-	-	-	-
Cash and cash equivalents	-	-	7,102	7,102	-	-	-	-
Other bank balances	-	-	3,341	3,341	-	-	-	-
Other financial assets	-	-	1,748	1,748	-	-	-	-
	8,601	**2,080**	**24,601**	**35,282**	**8,530**	**2,151**	**-**	**10,681**
Financial liabilities								
Borrowings	-	-	22,054	22,054	-	-	-	-
Trade payables	-	-	7,397	7,397	-	-	-	-
Derivative liability		124	-	124	-	124	-	124
Other financial liabilities	-	-	3,263	3,263	-	-	-	-
	-	**124**	**32,714**	**32,838**	**-**	**124**	**-**	**124**

March 31, 2016	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Derivative assets	332	793	-	1,125	-	1,125	-	1,125
Current investments	4,327	-	4,420	8,747	4,327	-	-	4,327
Trade receivables	-	-	7,145	7,145	-	-	-	-
Cash and cash equivalents	-	-	7,613	7,613	-	-	-	-
Other bank balances	-	-	7,773	7,773	-	-	-	-
Other financial assets	-	-	2,102	2,102	-	-	-	-
	4,659	**793**	**29,053**	**34,505**	**4,327**	**1,125**	**-**	**5,452**
Financial liabilities								
Borrowings	-	-	24,673	24,673	-	-	-	-
Trade payables	-	-	6,098	6,098	-	-	-	-
Derivative liability	71	263	-	334	-	334	-	334
Other financial liabilities	-	-	1,967	1,967	-	-	-	-
	71	**263**	**32,738**	**33,072**	**-**	**334**	**-**	**334**

April 01, 2015	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Derivative assets	403	821	-	1,224	-	1,224	-	1,224
Current investments	2,478	-	-	2,478	2,478	-	-	2,478
Trade receivables	-	-	6,833	6,833	-	-	-	-
Cash and cash equivalents	-	-	4,575	4,575	-	-	-	-
Other bank balances	-	-	4,629	4,629	-	-	-	-
Other financial assets	-	-	661	661	-	-	-	-
	2,881	**821**	**16,698**	**20,400**	**2,478**	**1,224**	**-**	**3,702**
Financial liabilities								
Borrowings	-	-	10,281	10,281	-	-	-	-
Trade payables	-	-	4,126	4,126	-	-	-	-
Derivative liability	302	-	-	302	-	302	-	302
Other financial liabilities	-	-	4,422	4,422	-	-	-	-
	302	**-**	**18,829**	**19,131**	**-**	**302**	**-**	**302**

B. Measurement of fair values

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

Sensitivity analysis

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

	March 31, 2017 Profit or (loss)		March 31, 2016 Profit or (loss)	
Significant observable inputs	Increase	Decrease	Increase	Decrease
Spot rate of the foreign currency (1% movement)	(222)	223	(173)	187
Interest rates (100 bps movement)	(312)	312	(215)	215

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

(i) Credit risk

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

Customer credit risk is managed by each business unit subject to Group's established policy, procedures and control relating to customer credit risk management. The Audit and Risk Management Committee of the respective Company's has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 8,832 (March 31, 2016 - ₹ 7,145, April 01, 2015 - ₹ 6,833). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for credit loss	March 31, 2017	March 31, 2016
Opening balance	56	90
Allowance for credit loss recognised / (reversed)	34	(34)
Closing balance	**90**	**56**

No single customer accounted for more than 10% of the trade receivables as of March 31, 2017 and 2016. There is no significant concentration of credit risk.

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

(ii) Liquidity risk

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

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

(a) Syngene has obtained long term secured buyer's credit loans of ₹ 611 (USD 9.41 million) [March 31, 2016 - ₹ 624 (USD 9.41 million)] as of March 31, 2017 carrying interest rate in the range of Libor + 0.60% p.a. to Libor + 0.80% p.a. and are repayable at end of 960 days to 1079 days from the date of its origination.

(b) Syngene has obtained short term secured pre-shipment credit loans of ₹ 324 (USD 5 Million) [March 31, 2016 - Nil] that carries interest rate of Libor + 1.42% p.a. and is repayable after the end of 6 months from the date of its origination.

(c) Syngene has obtained short term unsecured pre-shipment credit loans of ₹ 648 (USD 10 Million) [March 31, 2016 - Nil] that carries interest rate of Libor + 1.42% p.a. and is repayable after the end of 6 months from the date of its origination.

(d) Cash credit facility from banks carrying interest rate ranging from 9.7% - 13% p.a. These facilities were repayable on demand and secured by pari-passu charge on inventories and trade receivables.

(e) BPL has obtained unsecured overdraft facility from a bank carrying interest rate of 9.25% p.a.

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

Particulars	Less than 1 year	1-2 years	2-5 years	5-7 years	Total
Long-term borrowings	971	3,418	15,230	2,434	22,053
Short-term borrowings	972	-	-	-	972
Trade payables	7,397	-	-	-	7,397
Other financial liabilities	2,353	63	-	-	2,416
Total	**11,693**	**3,481**	**15,230**	**2,434**	**32,838**

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

Particulars	Less than 1 year	1-2 years	2-5 years	5-7 years	Total
Long-term borrowings	104	871	14,773	5,080	20,828
Short-term borrowings	3,949	-	-	-	3,949
Trade payables	6,098	-	-	-	6,098
Other financial liabilities	2,003	194	-	-	2,197
Total	**12,154**	**1,065**	**14,773**	**5,080**	**33,072**

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

Particulars	Less than 1 year	1-2 years	2-5 years	5-7 years	Total
Long-term borrowings	866	1,435	4,692	1,544	8,537
Short-term borrowings	2,610	-	-	-	2,610
Trade payables	4,126	-	-	-	4,126
Other financial liabilities	3,680	178	-	-	3,858
Total	**11,282**	**1,613**	**4,692**	**1,544**	**19,131**

(iii) Market risk

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

Foreign currency risk

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

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

March 31, 2017	USD	EUR	Others	Total
Financial assets				
Trade receivables	4,098	299	279	4,676
Cash and cash equivalents	4,075	196	83	4,354
Other financial assets	1,051	23	276	1,350
Financial liabilities				
Non-current borrowings	(21,054)	-	-	(21,054)
Current borrowings	(972)	-	-	(972)
Derivative liability	(124)	-	-	(124)
Trade payables	(1,528)	(527)	(983)	(3,038)
Other financial liabilities	(2,069)	(221)	(53)	(2,343)
Net financial assets/ (liabilities)	**(16,523)**	**(230)**	**(398)**	**(17,151)**

March 31, 2016	USD	EUR	Others	Total
Financial assets				
Trade receivables	4,517	395	11	4,923
Cash and cash equivalents	2,996	306	60	3,362
Other financial assets	1,589	32	-	1,621
Financial liabilities				
Non-current borrowings	(20,685)	-	-	(20,685)
Current borrowings	(3,911)	-	-	(3,911)
Derivative liability	(236)	-	-	(236)
Trade payables	(1,733)	(393)	(414)	(2,540)
Other financial liabilities	(616)	(8)	(18)	(642)
Net financial assets/ (liabilities)	**(18,079)**	**332**	**(361)**	**(18,108)**

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
USD Sensitivity				
INR/USD - Increase by 1%	(165)	(181)	(387)	(354)
INR/USD - Decrease by 1%	165	181	388	368
EUR Sensitivity				
INR/EUR - Increase by 1%	(2)	3	(2)	3
INR/EUR - Decrease by 1%	2	(3)	2	(3)

Derivative financial instruments

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

Particulars	March 31, 2017	March 31, 2016
	(in Million)	
Foreign exchange forward contracts to buy	USD 30 (INR 1,946)	USD 34 (INR 2,722)
European style option contracts with periodical maturity dates	USD 320 (INR 20,703)	USD 386 (INR 25,581)
European style option contracts with periodical maturity dates - Conversion to MYR	USD 2 (INR 97)	USD 8 (INR 530)
European style option contracts with periodical maturity dates	EUR 6 (INR 434)	EUR 12 (INR 899)

Cash flow and fair value interest rate risk

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

(a) Interest rate risk exposure

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	22,989	24,732	11,098
Fixed rate borrowings	36	45	49
Total borrowings	**23,025**	**24,777**	**11,147**

(b) Sensitivity

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

39. Capital management

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

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

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

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

Particulars	March 31, 2017	March 31, 2016
Total equity attributable to owners of the Company	48,377	40,338
As a percentage of total capital	**68%**	**62%**
Long-term borrowings	22,053	20,828
Short-term borrowings	972	3,949
Total borrowings	23,025	24,777
As a percentage of total capital	**32%**	**38%**
Total capital (Equity and Borrowings)	**71,402**	**65,115**

40. First-time adoption of Ind AS

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

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

(A) Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

Optional exemptions availed

(1) Deemed cost

Joint ventures

As per Ind AS 101, when changing from proportionate consolidation method to equity method, an entity may measure its investment in a joint venture at date of transition at the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The resultant amount is regarded as the deemed cost of the investment in the joint venture at initial recognition. The Group has opted to avail this exemption.

(2) Business combination

Ind AS 101, provides the option to apply Ind AS 103, Business Combinations prospectively from the transition date or from a specific date prior to the transition date.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date has not been restated.

(3) Share based payments

Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2014. For cash-settled share-based payment transactions, the Group has not applied Ind AS 102 to liabilities that were settled before April 1, 2014.

Mandatory exemptions availed

(1) Estimates

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

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

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

(2) Classification and measurement of financial assets

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

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

(3) Hedge accounting

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

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(B) Reconciliations

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

	Previous GAAP	Adjustments	Ind AS
(i) Reconciliation of equity as at April 01, 2015			
ASSETS			
Non-current assets			
Property, plant and equipment	15,807	175	15,982
Capital work-in-progress	14,938	644	15,582
Investment property	-	11	11
Goodwill	264	-	264
Other intangible assets	228	-	228
Intangible assets under development	1,828	(110)	1,718
Investment in associates and a joint venture	-	384	384
Financial assets			
(i) Derivative assets	1,143	(269)	874
(ii) Other financial assets	303	(110)	193
Income-tax assets (net)	935	(45)	890
Deferred tax assets (net)	142	178	320
Other non-current assets	2,123	-	2,123
Total non-current assets	**37,711**	**858**	**38,569**
Current assets			
Inventories	4,527	229	4,756
Financial assets			
(i) Investments	2,303	175	2,478
(ii) Trade receivables	7,705	(872)	6,833
(iii) Cash and cash equivalent	4,626	(51)	4,575
(iv) Other bank balances	4,749	(120)	4,629
(v) Derivative assets	561	(211)	350
(vi) Other financial assets	532	(64)	468
Other current assets	623	38	661
Total current assets	**25,626**	**(876)**	**24,750**
TOTAL	**63,337**	**(18)**	**63,319**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,000	-	1,000
Other equity	31,706	(84)	31,622
Equity attributable to owners of the Company	**32,706**	**(84)**	**32,622**
Non-controlling interests	1,722	(601)	1,121
Total equity	**34,428**	**(685)**	**33,743**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	7,696	(25)	7,671
(ii) Derivative liability	-	174	174
(iii) Other financial liabilities	6	-	6
Provisions	150	-	150
Other non-current liabilities	5,510	91	5,601
Total non-current liabilities	**13,362**	**240**	**13,602**
Current liabilities			
Financial liabilities			
(i) Borrowings	2,610	-	2,610
(ii) Trade payables	4,293	(167)	4,126
(iii) Derivative liability	-	128	128
(iv) Other financial liabilities	4,323	93	4,416
Provisions	284	114	398
Income tax liability (net)	298	311	609
Other current liabilities	3,739	(52)	3,687
Total current liabilities	**15,547**	**427**	**15,974**
TOTAL	**63,337**	**(18)**	**63,319**

	Previous GAAP	Adjustments	Ind AS
(ii) Reconciliation of equity as at March 31, 2016			
ASSETS			
Non-current assets			
Property, plant and equipment	16,539	272	16,811
Capital work-in-progress	19,989	608	20,597
Investment property	-	9	9
Goodwill	264	-	264
Other intangible assets	423	(15)	408
Intangible assets under development	1,886	(88)	1,798
Investment in associates and a joint venture	-	259	259
Financial assets			
(i) Derivative assets	823	(209)	614
(ii) Other financial assets	340	(82)	258
Income-tax assets (net)	906	(54)	852
Deferred tax assets (net)	379	336	715
Other non-current assets	2,489	(202)	2,287
Total non-current assets	**44,038**	**834**	**44,872**
Current assets			
Inventories	5,114	310	5,424
Financial assets			
(i) Investments	8,705	42	8,747
(ii) Trade receivables	8,229	(1,084)	7,145
(iii) Cash and cash equivalent	7,944	(331)	7,613
(iv) Other bank balances	7,349	424	7,773
(v) Derivative assets	650	(139)	511
(vi) Other financial assets	1,789	55	1,844
Other current assets	652	-	652
Total current assets	**40,432**	**(723)**	**39,709**
TOTAL	**84,470**	**111**	**84,581**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,000	-	1,000
Other equity	39,556	(218)	39,338
Equity attributable to owners of the Company	**40,556**	**(218)**	**40,338**
Non-controlling interests	3,112	(454)	2,658
Total equity	**43,668**	**(672)**	**42,996**
Non-current liabilities			
Financial liabilities			
(i) Borrowings	20,724	-	20,724
(ii) Derivative liability	-	191	191
(iii) Other financial liabilities	5	(2)	3
Provisions	299	-	299
Other non-current liabilities	3,498	213	3,711
Total non-current liabilities	**24,526**	**402**	**24,928**
Current liabilities			
Financial liabilities			
(i) Borrowings	3,949	-	3,949
(ii) Trade payables	6,300	(202)	6,098
(iii) Derivative liability	-	143	143
(iv) Other financial liabilities	1,881	83	1,964
Provisions	270	104	374
Income tax liability (net)	607	358	965
Other current liabilities	3,269	(105)	3,164
Total current liabilities	**16,276**	**381**	**16,657**
TOTAL	**84,470**	**111**	**84,581**

	Previous GAAP	Adjustments	Ind AS
(iii) Reconciliation of Statement of profit and loss for the year ended March 31, 2016			
Income			
Revenue from operations	34,854	(1,044)	33,810
Other income	845	(53)	792
Total income	**35,699**	**(1,097)**	**34,602**
Expenses			
Cost of raw materials and packing materials consumed	12,549	-	12,549
Purchases of traded goods	1,070	(310)	760
(Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress	(318)	(87)	(405)
Excise duty	-	336	336
Employee benefits expense	6,363	(262)	6,101
Finance costs	102	191	293
Depreciation and amortisation (net)	2,423	64	2,487
Other expenses	8,310	(199)	8,111
	30,499	(267)	30,232
Less: Recovery of product development costs from co-development partners (net)	(1,320)	-	(1,320)
Total expenses	**29,179**	**(267)**	**28,912**
Profit before tax, share of profit and exceptional item	6,520	(830)	5,690
Share in net profit of joint venture	-	217	217
Profit before tax and exceptional item	**6,520**	**(613)**	**5,907**
Exceptional item, net :	5,754	(4,148)	1,606
Profit before tax	**12,274**	**(4,761)**	**7,513**
Tax expenses			
Current tax	2,806	(993)	1,813
Less: MAT credit entitlement	(166)	-	(166)
Deferred tax	(71)	(154)	(225)
Total tax expense	**2,569**	**(1,147)**	**1,422**
Profit for the year	**9,705**	**(3,614)**	**6,091**
Other comprehensive income			
(i) Items that will not be subsequently reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans	-	(39)	(39)
Income tax effect	-	9	9
	-	(30)	(30)
(ii) Items that may be subsequently reclassified to profit or loss			
Net movement on cash flow hedges	-	(21)	(21)
Income tax effect	-	(5)	(5)
	-	(26)	(26)
Total other comprehensive income for the year, net of tax	**-**	**(56)**	**(56)**
Total comprehensive income for the year	**9,705**	**(3,670)**	**6,035**

(iv) Reconciliation of total equity

	Note	March 31, 2016	April 01, 2015
Equity under previous GAAP attributable to shareholders of the Company		**40,556**	**32,706**
Adjustments:			
Difference on account of revenue recognition, net of related costs	(i)	(752)	(552)
Impact of derivative accounting, translations adjustments and exchange gain/loss	(ii) & (viii)	297	171
Impact of borrowing cost	(iii)	(152)	-
Consolidation of ESOP Trust	(x)	475	526
Other adjustments	(iv)	(24)	(47)
Income tax on above adjustments and corrections for earlier years	(vi)	(62)	(182)
Total adjustments		**(218)**	**(84)**
Equity under Ind AS attributable to shareholders of the Company		**40,338**	**32,622**

(v) Reconciliation of the net profit

Net profit reconciliation	Note	Year ended March 31, 2016
Net Profit attributable to owners of the Company as per previous GAAP [A]		**8,961**
Adjustments		
Difference on account of revenue recognition, net of related costs	(i)	(230)
Impact of derivative accounting and exchange gain/loss	(ii)	3
Impact of borrowing cost	(iii)	(152)
Other adjustments	(iv)	(59)
Impact on Profit on sale of Syngene Shares, net of tax	(v)	(3,106)
Income tax impact of above adjustments and corrections for earlier years	(vi)	87
Total adjustments [B]		**(3,457)**
Profit for the year [C= A+B]		**5,504**
Other comprehensive income (OCI):		
Actuarial loss on defined benefit obligations – Gratuity	(vii)	(30)
Effective portion of cash flow hedges	(viii)	(26)
Non-controlling interest	(ix)	(2)
Sub-total [D]		**(58)**
Total Comprehensive income for the year [C + D]		**5,446**

Notes to reconciliation

(i) Difference on account of revenue recognition, net of related costs is primarily due to difference in timing of revenue recognition under Ind AS as compared to Previous GAAP and deferral of licensing income on account of continuing obligations.

(ii) Impact due to derivative accounting as per Ind AS 109 and exchange gains and losses on account of change in functional currency of a subsidiary.

(iii) Impact on account of restructuring of debt.

(iv) Other adjustments on account of Employee benefit expenses (Share based payments, Actuarial gains/losses), Mark to market adjustments on mutual funds.

(v) Profit on sale of Syngene shares recognised as a credit in equity as it did not impact Group's control.

(vi) Income tax impact of above adjustments and corrections for earlier years.

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

(viii) Effective portion of cash flow hedges taken to other comprehensive income.

(ix) Impact of Ind AS adjustments on non-controlling interest.

(x) The Group has consolidated the ESOP Trust and deconsolidated NeoBiocon FZ LLC pursuant to Ind AS - 110 on Consolidated Financial Statements.

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41. Tax expenses

		March 31, 2017	March 31, 2016
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	2,082	1,813
	MAT credit entitlement	(369)	(166)
	Deferred tax expense / (income) related to:		
	Origination and reversal of temporary differences	(97)	(225)
	Tax expense for the year	**1,616**	**1,422**
(b)	**Reconciliation of effective tax rate**		
	Profit before tax	8,497	7,513
	Less: Exceptional items, net	-	(1,606)
	Profit before tax and exceptional item	8,497	5,907
	Tax at statutory income tax rate 34.61% (March 31, 2016 - 34.61%)	2,941	2,044
	Tax effects of amounts which are not deductible/(taxable) in calculating taxable income		
	Difference in overseas tax rates	203	(26)
	Weighted deduction on research and development expenditure	(520)	(432)
	Exempt income and other deductions	(1,020)	(1,086)
	Non-deductible expense	123	82
	Tax losses	(237)	499
	Tax on exceptional items	78	123
	Share in profit of joint venture	(56)	(75)
	Others	104	293
	Income tax expense	**1,616**	**1,422**
(c)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	1,809	2,519
	Potential tax impact	350	647
	Expiry date [Financial year]	2022-23 to 2023-24	2022-23 to 2023-24
	Tax losses which will never expire	-	166

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(d) Recognised deferred tax assets and liabilities

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

For the year ended March 31, 2017	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax liability					
Property, plant and equipment, investment property and intangible assets	686	(1)	-	-	685
Derivative assets	-	-	201	-	201
Others	-	30	-	-	30
Gross deferred tax liability	**686**	**29**	**201**	**-**	**916**
Deferred tax assets					
Defined benefit obligations	168	(1)	15	-	182
Allowance for doubtful debts	14	6	-	-	20
Other disallowable expenses	145	24	-	-	169
Deferred revenue	162	(162)	-	-	-
MAT credit entitlement	702	369	-	1,042	2,113
Derivative liability	91	(29)	(62)	-	-
Tax losses	-	262	-	-	262
Others	119	26	-	-	145
Gross deferred tax assets	**1,401**	**495**	**(47)**	**1,042**	**2,891**
	715	**466**	**(248)**	**1,042**	**1,975**

For the year ended March 31, 2016	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax liability					
Property, plant and equipment, investment property and intangible assets	692	(6)	-	-	686
Derivative assets	48	(48)	-	-	-
Gross deferred tax liability	**740**	**(54)**	**-**	**-**	**686**
Deferred tax assets					
Defined benefit obligations	237	(78)	9	-	168
Allowance for doubtful debts	29	(15)	-	-	14
Other disallowable expenses	80	65	-	-	145
Deferred revenue	69	93	-	-	162
MAT credit entitlement	536	166	-	-	702
Derivative liability	-	96	(5)	-	91
Tax losses	-	-	-	-	-
Others	109	10	-	-	119
Gross deferred tax assets	**1,060**	**337**	**4**	**-**	**1,401**
	320	**391**	**4**	**-**	**715**

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42. Interest in other entities

(a) Subsidiaries

The Group's subsidiaries as at March 31, 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group, and proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the group			Ownership interest held by the non-controlling interest			Principal activities
		March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	
		%	%	%	%	%	%	
Syngene International Limited	India	73.5	73.5	84.5	26.5	26.5	15.5	Research services
Biocon Research Limited	India	100.0	100.0	100.0	-	-	-	Research and development
Biocon Pharma Limited	India	100.0	100.0	100.0	-	-	-	Biopharmaceutical manufacturing
Biocon Biologics India Limited	India	100.0	Nil	Nil	-	-	-	Biopharmaceutical manufacturing
Biocon Academy	India	100.0	100.0	100.0	-	-	-	Not for profit organisation
Biocon SA	Switzerland	100.0	100.0	100.0	-	-	-	Research and development
Biocon Sdn Bhd	Malaysia	100.0	100.0	100.0	-	-	-	Biopharmaceutical manufacturing
Biocon Biologics Limited	United Kingdom	100.0	100.0	Nil	-	-	-	Sale of biosimilar products
Biocon Pharma Inc.	United States	100.0	100.0	Nil	-	-	-	Sale of pharmaceutical products
Biocon FZ LLC.	Dubai	100.0	100.0	Nil	-	-	-	Trading of biopharmaceutical products

(b) Non-controlling interests

Below is the summarised financial information for Syngene International Limited that has non-controlling interests that is material to the Group. The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised balance sheet

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non-current assets	12,507	10,208	8,145
Current assets	15,231	13,347	5,535
Total assets	**27,738**	**23,555**	**13,680**
Non-current liabilities	7,614	7,968	971
Current liabilities	5,993	5,340	4,752
Total liabilities	**13,607**	**13,308**	**5,723**
Net assets	14,131	10,247	7,957
Accumulated non-controlling interest	**3,761**	**2,658**	**1,121**

Summarised statement of profit and loss

Particulars	March 31, 2017	March 31, 2016
Revenue from operations	12,009	11,070
Profit for the year	2,873	2,408
Other comprehensive income	848	6
Total comprehensive income	**3,721**	**2,414**
Total comprehensive income allocated to non-controlling interests	984	589
Dividends paid to non-controlling interests	-	53

Summarised statement of cash flows

Particulars	March 31, 2017	March 31, 2016
Cash flows from/ (used in) operating activities	3,977	3,081
Cash flows from/ (used in) investing activities	(4,691)	(7,512)
Cash flows from/ (used in) financing activities	(808)	7,161
Net increase/ (decrease) in cash and cash equivalents	**(1,522)**	**2,730**

(c) Interest in joint venture

The Group had only one joint venture in the name of NeoBiocon FZ LLC ("NeoBiocon") , incorporated in Dubai as at March 31, 2017 holding 49% (March 31, 2016 - 51%) of the equity stake and accounted for using the equity method. In the opinion of the directors is material to the Group. NeoBiocon has share capital solely consisting of equity shares, which are held directly by ownership interest in the same proportion of voting rights held.

Summarised balance sheet of NeoBiocon is as follows:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Non-current assets	14	20	7
Current assets	1,266	878	1,032
Total assets	**1,280**	**898**	**1,039**
Non-current liabilities	34	25	16
Current liabilities	299	235	204
Total liabilities	**333**	**260**	**220**
Net assets	**947**	**638**	**819**
Percentage ownership interest	**49%**	**51%**	**51%**
Accumulated Group's share of net assets	**422**	**259**	**384**

Summarised statement of profit and loss of NeoBiocon

Particulars	March 31, 2017	March 31, 2016
Revenue from operations	1,250	1,196
Profit for the year	333	425
Other comprehensive income	-	-
Total comprehensive income	**333**	**425**
Share of profits from joint venture	163	217
Dividends received	-	342

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43. Segment Reporting

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Group's performance based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the Group are primarily enterprises in Small Molecules ("SMV") , Biologics, Branded Formulations ("BF") and Research services ("Research")

April 1, 2016 to March 31, 2017

Particulars	SMV	Biologics	BF	Research	Unallocated	Eliminations	Total
Revenues							
External revenue	16,330	5,793	5,489	11,604	-	-	39,216
Inter-segment revenue	75	1,225	-	321	-	(1,621)	-
Total revenues	**16,405**	**7,018**	**5,489**	**11,925**	**-**	**(1,621)**	**39,216**
Costs							
Segment costs	(11,511)	(4,641)	(3,886)	(7,849)	-	-	(27,887)
Inter-segment costs	-	(321)	(1,300)	-	-	1,621	-
Results							
Corporate expenses	-	-	-	-	(1,534)	-	(1,534)
Other income including interest	-	-	-	707	864	-	1,571
Operating profit							11,366
Depreciation/ Amortisation	(752)	(659)	(3)	(1,143)	(215)	-	(2,772)
Finance costs	-	-	-	(175)	(85)	-	(260)
Share of profit of joint venture	-	-	163	-	-	-	163
Segment results	**4,142**	**1,397**	**463**	**3,465**	**(970)**	**-**	**8,497**
Income taxes - Current and deferred	-	-	-	-	(1,616)	-	(1,616)
Non-controlling interests	-	-	-	-	(760)	-	(760)
Profit after taxes							**6,121**
Other information							
Segment assets	16,116	34,111	2,386	27,738	-	-	80,351
Unallocable corporate assets	-	-	-	-	13,591	-	13,591
Total assets							**93,942**
Segment liabilities	3,548	8,251	1,650	13,607	-	-	27,056
Unallocable corporate liabilities	-	-	-	-	14,748	-	14,748
Non-controlling interests	-	-	-	-	3,761	-	3,761
Total liabilities							**45,565**

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April 1, 2015 to March 31, 2016

Particulars	SMV	Biologics	BF	Research	Unallocated	Eliminations	Total
Revenues							
External revenue	14,546	4,046	4,409	10,809	-	-	33,810
Inter-segment revenue	37	1,250	-	261	-	(1,548)	-
Total revenues	**14,583**	**5,296**	**4,409**	**11,070**	**-**	**(1,548)**	**33,810**
Costs							
Segment costs	(11,387)	(3,654)	(2,534)	(7,266)	-	-	(24,841)
Inter-segment costs	-	(261)	(1,287)	-	-	1,548	-
Results							
Corporate expenses	-	-	-	-	(1,303)	-	(1,303)
Other income including interest	-	-	-	63	741	-	804
Operating profit							8,470
Depreciation/ Amortisation	(690)	(617)	(1)	(973)	(206)	-	(2,487)
Finance costs	-	-	-	(84)	(209)	-	(293)
Share of profit of joint venture	-	-	217	-	-	-	217
Segment results	**2,506**	**764**	**804**	**2,810**	**(977)**	**-**	**5,907**
Exceptional items	-	-	-	-	1,606	-	1,606
Income taxes - Current and deferred	-	-	-	-	(1,422)	-	(1,422)
Non-controlling interests	-	-	-	-	(587)	-	(587)
Profit after taxes							**5,504**
Other information							
Segment assets	14,831	28,758	1,698	23,555	-	-	68,842
Unallocable corporate assets	-	-	-	-	15,739	-	15,739
Total assets							**84,581**
Segment liabilities	2,906	5,527	601	13,308	-	-	22,342
Unallocable corporate liabilities	-	-	-	-	19,243	-	19,243
Non-controlling interests	-	-	-	-	2,658	-	2,658
Total liabilities							**44,243**

Geographical segments

Revenues, net	April 01, 2016 to March 31, 2017	April 01, 2015 to March 31, 2016
India	11,799	11,649
United States of America	8,997	9,331
Rest of the world	18,420	12,830
Total	**39,216**	**33,810**

Non-current assets	March 31, 2017	March 31, 2016
India	26,823	22,808
Malaysia	20,031	18,423
Rest of the world	1,889	2,054
Total	**48,743**	**43,285**

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

Significant clients

No customer individually account for more than 10% of the revenue in the year ended March 31, 2017 and March 31, 2016.

Segment revenue and results

The expenses that are not directly attributable and that can not be allocated to a business segment on a reasonable basis are shown as unallocated corporate expenses.

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consist principally of fixed assets and current assets. Segment liabilities comprise of liabilities which can be directly allocated against the respective segments. Assets and liabilities that have not been allocated between segments are shown as part of unallocated corporate assets and liabilities respectively.

44. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary/associates/joint venture.

Name of Entity	Net assets as at March 31, 2017		Share in profit or loss for the year ended March 31, 2017		Share in other comprehensive income for the year ended March 31, 2017		Share in total comprehensive income for the year ended March 31, 2017	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Holding Company								
Biocon Limited	71%	65,411	56%	5,193	8%	85	51%	5,278
Subsidiaries								
Indian								
Syngene International Limited	11%	10,370	23%	2,113	63%	624	27%	2,737
Biocon Research Limited	-	(213)	7%	661	-	(2)	6%	659
Biocon Pharma Limited	-	131	-	4	3%	27	-	31
Biocon Biologics India Limited	-	-						
Biocon Academy	-	-						
Foreign								
Biocon SA	5%	4,436	7%	684	-	-	7%	684
Biocon Sdn Bhd	4%	3,531	-	5	3%	30	-	35
Biocon Biologics Limited	5%	4,229	-2%	(189)	-	-	-2%	(189)
Biocon Pharma Inc.	-	(8)	-1%	(98)	-	-	-1%	(98)
Biocon FZ LLC.	-	(15)	-	(21)	-	-	-	(21)
Joint venture								
Foreign								
NeoBiocon FZ LLC.	-	422	2%	163	-	-	2%	163
Associates								
Foreign								
IATRICa Inc., USA	-	-	-	-	-	-	-	-
Non-controlling interest	4%	3,761	8%	760	23%	224	10%	984
Gross Total	100%	92,055	100%	9,275	100%	988	100%	10,263
Adjustment arising on consolidation		(39,917)		(2,394)		-		(2,394)
Total		52,138		6,881		988		7,869

44. Additional information, as required under Schedule III of the Act, of enterprises consolidated as subsidiary/associates/joint venture. (Contd.)

Name of Entity	Net assets as at March 31, 2016		Share in profit or loss for the year ended March 31, 2016		Share in other comprehensive income for the year ended March 31, 2016		Share in total comprehensive income for the year ended March 31, 2016	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Holding Company								
Biocon Limited	74%	59,966	46%	3,686	18%	(10)	46%	3,676
Subsidiaries								
Indian								
Syngene International Limited	9%	7,589	23%	1,821	-7%	4	23%	1,825
Biocon Research Limited	-1%	(873)	10%	832	4%	(2)	10%	830
Biocon Pharma Limited	-	30	-	(22)	-2%	1	-	(21)
Biocon Biologics India Limited	-	-	-	-	-	-	-	-
Biocon Academy	-	-	-	-	-	-	-	-
Foreign								
Biocon SA	5%	3,858	15%	1,228	-	-	15%	1,228
Biocon Sdn Bhd	4%	2,756	-4%	(332)	91%	(51)	-5%	(383)
Biocon Biologics Limited	6%	4,513	1%	71	-	-	1%	71
Biocon Pharma Inc.	-	23	-	(3)	-	-	-	(3)
Biocon FZ LLC.	-	5	-	3	-	-	-	3
Joint venture								
Foreign								
NeoBiocon FZ LLC.	-	259	2%	217	-	-	3%	217
Associates								
Foreign								
IATRICa Inc., USA	-	-	-	-	-	-	-	-
Non-controlling interest	3%	2,658	7%	587	-4%	2	7%	589
Gross Total	**88%**	**80,784**	**100%**	**8,088**	**100%**	**(56)**	**100%**	**8,032**
Adjustment arising on consolidation		(37,788)		(1,997)		-		(1,997)
Total		**42,996**		**6,091**		**(56)**		**6,035**

45. Other notes

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2017.

46. Corporate Social Responsibility

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

(a) Gross amount required to be spent by the Company during the year is ₹ 131; and

(b) Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	131	-	131

47. Events after reporting period

(a) On April 27, 2017, the Board of Directors of the Company approved issue of bonus shares in the proportion of 2:1 i.e. 2 (two) bonus equity shares of ₹ 5 each for every 1 (one) fully paid-up equity shares held as on the record date, subject to the approval by the shareholders of the Company through postal ballot.

(b) On April 27, 2017, the Board of Directors of the Company has proposed a final dividend of ₹ 3 per equity share on a pre-bonus share basis. The proposed dividend is subject to the approval of the shareholders in the Annual general meeting.

As per our report of even date attached

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

S Sethuraman
Partner
Membership No.: 203491

Bengaluru
April 27, 2017

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Rajiv Balakrishnan
Company Secretary
Membership No.: F-6326

Bengaluru
April 27, 2017

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Forward Looking Statement

Biocon FY17 Annual Report

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. The market data & rankings used in the various chapters are based on several published reports and internal company assessment.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Conceptualized & Developed by:
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