NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

1. COMPANY OVERVIEW

1.1 Reporting entity

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

1.2 Basis of preparation of financial statements

a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2018. These standalone financial statements were authorised for issuance by the Company's Board of Directors on April 25, 2018.

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

b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (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 28 — Financial instruments;
- Note 2(b) and 2(c) — Useful lives of property, plant and equipment and intangible assets;
- Note 2(m) — Lease classification;
- Note 27 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 34 — Share based payments; and
- Note 2(k) and 30 — Provision for income taxes and related tax contingencies.

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

— Note 27 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 28 – impairment of financial assets; and

— Note 14 and 31 – 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 34 – share based payment arrangements; and

— Note 2(a) and 28 – financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES

a. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

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

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

Cash dividend to equity holders
The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b. Property, plant and equipment

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

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

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

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

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

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

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

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

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

d. Business combination

In accordance with Ind AS 103, Business combinations, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company (see Note 4). The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

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

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

f. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

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

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

ii. Impairment of non-financial assets

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

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

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

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

g. Employee benefits

i. Gratuity

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

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

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

ii. Provident Fund

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

iii. Compensated absences

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

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

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

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

i. **Revenue**

i. **Contract research and manufacturing services income**
In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

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

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

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

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

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

j. **Government grants**
The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to Income are recognized in statement of profit and loss as other operating revenues.

k. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit 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.

l. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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.

o. Recent Indian Accounting Standards (Ind AS)

Following new standard and amendment to Ind AS have not been applied by the Company as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 – Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. The new standard also provides guidance on evaluation of performance obligations being distinct to enable separate recognition and could impact timing of recognition of certain elements of multiple element arrangements.

Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company is in the process of evaluating the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

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

3. PROPERT Y, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At April 01, 2016	42	1,786	8,933	72	183	11	-	11,027	2,368
Additions	555	718	2,568	28	96	6	-	3,971	3,444
Disposals/other adjustments	-	98	1,743	31	25	2	-	1,899	4,063
At March 31, 2017	**597**	**2,406**	**9,758**	**69**	**254**	**15**	**-**	**13,099**	**1,749**
Additions	-	496	2,826	31	52	18	172	3,595	3,400
Disposals/other adjustments	-	10	357	-	11	-	-	378	3,595
At March 31, 2018	**597**	**2,892**	**12,227**	**100**	**295**	**33**	**172**	**16,316**	**1,554**
Accumulated depreciation									
At April 01, 2016	-	406	4,689	65	120	4	-	5,284	-
Depreciation	-	86	991	9	22	3	-	1,111	-
Disposals	-	36	1,152	31	19	2	-	1,240	-
At March 31, 2017	**-**	**456**	**4,528**	**43**	**123**	**5**	**-**	**5,155**	**-**
Depreciation	-	106	1,098	14	33	5	10	1,266	-
Disposals	-	3	214	-	9	-	-	226	-
At March 31, 2018	**-**	**559**	**5,412**	**57**	**147**	**10**	**10**	**6,195**	**-**
Net carrying amount									
At March 31, 2017	597	1,950	5,230	26	131	10	-	7,944	1,749
At March 31, 2018	**597**	**2,333**	**6,815**	**43**	**148**	**23**	**162**	**10,121**	**1,554**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross Block Rs. 555 (March 31, 2017 - Rs. 555).

(b) Plant and equipment includes computers.

(c) Buildings with a cost of Rs. 2,733 (March 31, 2017 - Rs. 2,272) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

(d) Foreign exchange gain of Rs. 142 (March 31, 2017 - Rs. 169) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset.

(e) Additions to property, plant and equipment includes additions related to finance costs capitalised during the year amounting to Rs. 2 (March 31, 2017 - Rs. 8).

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

4. INTANGIBLE ASSETS

	Computer software	Intellectual property right [refer note (a)]	Total
Gross carrying amount			
At April 01, 2016	87	-	87
Additions	13	120	133
Disposals	-	-	-
At March 31, 2017	**100**	**120**	**220**
Additions	71	-	71
Disposals	-	-	-
At March 31, 2018	**171**	**120**	**291**
Accumulated depreciation			
At April 01, 2016	28	-	28
Depreciation	18	14	32
Disposals	-	-	-
At March 31, 2017	**46**	**14**	**60**
Depreciation	24	24	48
Disposals	-	-	-
At March 31, 2018	**70**	**38**	**108**
Net carrying amount			
At March 31, 2017	54	106	160
At March 31, 2018	**101**	**82**	**183**

Note:

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

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

	March 31, 2018	March 31, 2017
5. INVESTMENTS		
(a) Non-current investments		
Unquoted equity instruments of wholly owned subsidiary		
500 (March 31, 2017: Nil) Equity shares of USD 100 each in Syngene USA Inc., USA	3	-
	3	**-**
Aggregate value of unquoted investments	**3**	**-**
(b) Current investments		
Investments In mutual funds (quoted) (Non trade)		
Aditya Birla Sun Life Cash Plus - Growth - 435,364 (March 31, 2017: Nil) units of Rs. 279 (March 31, 2017: Rs. Nil) each	121	-
Aditya Birla Sun Life Savings Fund - Growth - 496,963 (March 31, 2017: 2,431,913) units of Rs.342 (March 31, 2017 - Rs.319) each	170	775
Aditya Birla Sun Life Savings Fund - Daily dividend - Nil (March 31, 2017: 5,303,556) units of Rs. Nil (March 31, 2017: Rs 100) each	-	533
Axis Banking and PSU Debt Fund - Growth - 11,184 (March 31: 2017: Nil) units of Rs. 1,603 (March 31, 2017: Rs. Nil) each	18	-
Franklin India Ultra Short Bond Fund - Growth - Nil (March 31, 2017: 36,646,667) units of Rs. Nil (March 31, 2017: Rs. 22) each	-	816
HDFC Floating Rate Income Fund - Growth - Nil (March 31, 2017: 29,265,060) units of Rs. Nil (March 31, 2017: Rs. 28) each	-	828
HDFC FMP 92D February 2018 - Growth - 15,000,000 (March 31, 2017: Nil) units of Rs. 10 (March 31, 2017: Rs. Nil) each	151	-
ICICI Prudential Flexible Income Fund - Growth - 81,749 (March 31, 2017: 1,947,431) units of Rs. 333 (March 31, 2017: Rs.311) each	27	606
ICICI Prudential Flexible Income - Daily dividend - Nil (March 31, 2017: 5,706,959) units of Rs. Nil (March 31, 2017: Rs. 106) each	-	603
IDFC Ultra Short term Fund - Growth - 28,457,666 (March 31, 2017: 26,359,631) units of Rs. 25 (March 31, 2017 - Rs.23) each	705	607
Kotak Treasury Advantage Fund - Growth - Nil (March 31, 2017: 7,932,353) units of Rs. Nil (March 31, 2017: Rs. 26) each	-	207
Reliance Money Manager Fund - Daily dividend - Nil (March 31, 2017: 69,072) units of Rs. Nil (March 31, 2017: Rs. 2,243) each	-	155
UTI Liquid Fund Cash Plan - Growth - 17,772 (March 31, 2017: Nil) units of Rs. 2,845 (March 31, 2017: Rs. Nil) each	50	-
UTI Treasury Advantage Fund - Growth - 140,087 (March 31, 2017: 122,052) units of Rs. 2,395 (March 31, 2017: Rs. 2,242) each	335	274
	1,577	**5,404**
Aggregate value of quoted investments (cost)	1,522	5,348
6. OTHER FINANCIAL ASSETS		
(a) Non-current		
Security deposits	81	33
	81	**33**
(b) Current		
Recoverable from insurance company (refer note 35)	217	592
Interest accrued but not due	74	-
Unbilled revenues	556	243
	847	**835**

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

	March 31, 2018	March 31, 2017
7. DEFERRED TAX ASSET (NET)		
Deferred tax asset		
MAT credit entitlement	1,081	899
Employee benefit obligations	76	58
Others	27	15
	1,184	**972**
Deferred tax liability		
Derivatives	185	147
Property, plant and equipment and intangible assets	256	158
Others	19	30
	460	**335**
Deferred tax asset (net)	**724**	**637**
8. OTHER ASSETS		
(a) Non-current		
Capital advances	176	21
Balances with statutory / government authorities	186	415
Prepayments	79	49
	441	**485**
(b) Current		
Advances other than capital advances	95	78
Export incentive receivables	370	73
Balances with statutory / government authorities	28	161
Prepayments	197	167
	690	**479**
9. INVENTORIES		
Chemicals, reagents and consumables *	542	139
Work-in-progress	235	134
Finished goods	83	49
	860	**322**
* includes goods in-transit Rs 29 (March 31, 2017 - Rs Nil)		
10. TRADE RECEIVABLES		
Unsecured, considered good [refer note 26]	2,668	1,987
Considered doubtful	64	32
	2,732	**2,019**
Allowance for credit loss	(64)	(32)
	2,668	**1,987**
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.	1	1
The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 28.		
11. CASH AND BANK BALANCES		
(a) Cash and cash equivalents		
Cash on hand	-*	1
Balances with banks (on current accounts)	1,468	2,344
Deposits with original maturity of less than 3 months	1,050	-
	2,518	**2,345**
(b) Bank balances other than above		
Deposits with maturity of less than 12 months	7,147	2,928
	7,147	**2,928**

* Less than Rs. 0.5 million.

(i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

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

	March 31, 2018	March 31, 2017
12 (a) EQUITY SHARE CAPITAL		
Authorised		
250,000,000 (March 31, 2017: 250,000,000) equity shares of Rs 10 each (March 31, 2017 - Rs 10 each)	**2,500**	**2,500**
Issued, subscribed and fully paid-up		
200,000,000 (March 31, 2017: 200,000,000) equity shares of Rs 10 each (March 31, 2017 - Rs 10 each)	2,000	2,000
	2,000	**2,000**

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

Equity shares	March 31, 2018		March 31, 2017	
	No.	Rs	No.	Rs
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issued during the year	-	-		-
At the end of the year	**200,000,000**	**2,000**	**200,000,000**	**2,000**

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 shares held by holding company and their subsidiaries

	March 31, 2018		March 31, 2017	
	No.	% holding	No.	% holding
Equity Shares of Rs. 10 each fully paid				
Biocon Limited (holding company)	145,217,843	72.61%	145,217,843	72.61%
Biocon Research Limited (subsidiary of Biocon Limited)	1,866,673	0.93%	1,866,673	0.93%

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

	March 31, 2018		March 31, 2017	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited	145,217,843	72.61%	145,217,843	72.61%
Silver Leaf Oak (Mauritius) Limited	-	0.00%	14,390,777	7.20%

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

	March 31, 2018	March 31, 2017
Equity shares allotted as fully paid bonus shares by capitalization of surplus in Statement of profit and loss *	-	41,750,000
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	3,614,036	2,166,475

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

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

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

(vi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 34.

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

12(b) OTHER EQUITY

Securities premium

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

General reserve

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

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends to its equity shareholders. The amount also includes retained earning of Syngene Employee Welfare Trust.

Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 34 for further details on these plans.

Treasury shares

The amount represents cost of own equity instruments that are acquired [treasury shares] by the ESOP trust and is disclosed as a deduction from equity.

Cash flow hedging reserves

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

	March 31, 2018	March 31, 2017
13. BORROWINGS		
(a) Non-current borrowings		
Term loans from banks		
Buyers credit loan(secured) [refer note (i) below]	418	611
External commercial borrowings(secured) [refer note (ii) below]	6,508	6,481
Finance lease obligations [refer note (v) below]	167	-
	7,093	**7,092**
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(1,238)	(194)
	5,855	**6,898**
(b) Current borrowings		
Term loans from banks		
Pre shipment credit [refer note (iii) and (iv) below]	781	972
	781	**972**
The above amount includes		
Secured borrowings	6,926	7,416
Unsecured borrowings	948	648
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(1,238)	(194)
	6,636	**7,870**

Notes:

(i) The Company has obtained foreign currency denominated long term secured buyer's credit loans of Rs. 418 (USD 6.42 million) [March 31, 2017 - Rs. 611 (USD 9.41 million)] as of March 31, 2018 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan is guaranteed by Hongkong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hongkong and Shanghai Banking Corporation Limited, India is secured by a pari passu charge on the current assets and movable fixed assets of the Company with a carrying amount of Rs. 1,636. The loans are repayable at end of 960 days to 1,079 days from the date of its origination.

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

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

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

(iii) The Company had obtained foreign currency denominated short term secured pre-shipment credit loans of Rs. 324 (USD 5 Million) as at March 31, 2017 from The Hongkong and Shanghai Banking Corporation Limited that carried interest rate of Libor + 1.42%. The loans were repayable after the end of 6 months from the date of its origination. The facility provided were secured by a pari passu charge on the current assets and movable fixed assets of the Company. The loan was repaid during the current year.

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

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 781 (USD 12 Million) [March 31, 2017 - Rs. 648 (USD 10 Million)] from HDFC Bank Limited that carries interest rate of Libor + 0.55% to Libor + 0.60% [March 31, 2017 - Libor + 1.42%]. The loans are repayable after the end of 6 months from the date of its origination.

(v) The Company has obtained lease of utilities for its office use from Velankani Information Systems Limited (VISL) on a ten year non-cancellable basis. Finance Lease obligations reflect present value of such discounted monthly payments payable to VISL over the tenure of the lease contract.

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

	March 31, 2018	March 31, 2017
14. PROVISIONS		
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	290	199
	290	**199**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	30	40
Compensated absences	105	94
	135	**134**

(i) Movement in provisions	**Gratuity**	**Compensated absences**
Opening balance	239	94
Provision recognised during the year	81	11
Closing balance	**320**	**105**

	March 31, 2018	March 31, 2017
15. OTHER LIABILITIES		
(a) Non-current		
Deferred rent liability	24	24
Deferred revenues	563	493
	587	**517**
(b) Current		
Advances from customers	2,335	2,258
Deferred revenues	156	157
Others:		
Statutory dues	94	73
Other dues	111	-
	2,696	**2,488**
16. TRADE PAYABLES		
Trade payables [refer note (a) below and note 26]	2,034	1,025
	2,034	**1,025**
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act'')		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	30	26
- Interest due on above	0.1	0.2
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	126	15
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	2	0.5
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	7	5

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

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

	March 31, 2018	March 31, 2017
17. OTHER FINANCIAL LIABILITIES		
Current maturities of long term borrowings with banks [refer note 13]	1,238	194
Payable for capital goods	632	839
Book overdraft	177	263
	2,047	**1,296**

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

	Year ended March 31, 2018	Year ended March 31, 2017
18. REVENUE FROM OPERATIONS		
Sale of services		
Contract research and manufacturing services income	13,245	11,695
Other operating revenues		
Scrap sales	24	20
Export incentives [refer note (a) below]	737	85
Others [refer note (b) below]	225	209
	14,231	**12,009**

Note:
(a) Export incentives include Rs. 456 (March 31, 2017 - Rs. 47) relating to previous years. These were recorded in current year due to certainity in realisation of export incentives.
(b) Others include income from support services and release from deferred revenue for assets funded by customers over the useful life.

	Year ended March 31, 2018	Year ended March 31, 2017
19. OTHER INCOME		
Interest income on:		
Deposits with banks	236	409
Lease deposits	2	-
Tax refunds	5	92
Dividend income on current investments	25	143
Net gain on sale of current investments	294	7
Net gain on current investments measured at fair value through profit or loss	55	56
Other non-operating income	1	-
	618	**707**
20. COST OF CHEMICALS, REAGENTS AND CONSUMABLES CONSUMED		
Inventory at the beginning of the year	139	188
Add: Purchases	4,355	3,163
Less: Inventory at the end of the year	(542)	(139)
	3,952	**3,212**
21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Work-in-progress	134	142
Finished goods	49	47
	183	**189**
Inventories at the end of the year		
Work-in-progress	235	134
Finished goods	83	49
	318	**183**
	(135)	**6**
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	3,221	2,668
Contribution to provident fund and other funds	154	114
Gratuity expenses (refer note 27)	80	38
Share based compensation expense (refer note 34)	128	142
Staff welfare expenses	186	124
	3,769	**3,086**
23. FINANCE COSTS		
Interest expense	227	175
	227	**175**

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

	Year ended March 31, 2018	Year ended March 31, 2017
24. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets [refer note 3]	1,266	1,111
Amortisation of intangible assets [refer note 4]	48	32
	1,314	**1,143**
25. OTHER EXPENSES		
Rent	97	57
Communication expenses	16	14
Travelling and conveyance	238	176
Professional charges	365	248
Payments to auditors [refer note (a) below]	5	5
Directors' fees including commission	16	14
Power and fuel	347	304
Facility charges	149	99
Insurance	128	42
Rates and taxes	237	24
Repairs and maintenance		
Plant and machinery	391	341
Buildings	111	106
Others	165	108
Selling expenses		
Freight outwards and clearing charges	34	27
Sales promotion expenses	27	26
Commission	-	10
Provision for doubtful receivables	32	18
Bad debts written off	4	6
Printing and stationery	30	21
Clinical trial expenses	143	134
Contributions towards CSR (refer note 36)	52	41
Loss on assets scrapped	90	-
Miscellaneous expenses	63	37
	2,740	**1,858**
(a) Payments to auditors:		
As an auditor:		
Statutory audit	2	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	5	**5**

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

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

26. RELATED PARTY TRANSACTIONS

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

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at	
				March 31, 2018 Expenses / (Income) / Other transactions	March 31, 2017 Expenses / (Income) / Other transactions	March 31, 2018 Payable / (Receivable) / Other transactions	March 31, 2017 Payable / (Receivable) / Other transactions
A.	**Remuneration paid to key management personnel**						
(a)	Jonathan Hunt	Director and Chief Executive Officer	Salary and perquisites [refer note (i) and (ii) below]	47	28	-	-
			Share based payments	47	47	-	-
(b)	M.B. Chinappa	Chief Financial officer	Salary and perquisites [refer note (i) below]	28	31	-	-
			Share based payments	2	5	-	-
(c)	Mayank Verma	Company Secretary	Salary and perquisites [refer note (i) below]	3	3	-	-
			Share based payments	-*	-*	-	-
(d)	Russell Walls	Independent director	Sitting fees and Commission	3	3	1	1
(e)	Bala S Manian	Independent director	Sitting fees and Commission	3	3	1	1
(f)	Paul Blackburn	Independent director	Sitting fees and Commission	3	3	1	1
(g)	Suresh Talwar	Independent director	Sitting fees and Commission	3	3	1	1
(h)	Vijay Kuchroo	Independent director	Sitting fees and Commission	2	1	1	1
(i)	Vinita Bali (w. e. f. 31 July 2017)	Independent director	Sitting fees and Commission	2	-	1	-
(j)	Catherine Rosenberg	Non-executive director	Sitting fees	-*	-*	-*	-
B.	**Others**						
(a)	Biocon Limited	Holding Company	Rent expense	65	47	-	-
			Power and facility charges [refer note (iii) below]	547	423	-	-
			Purchase of goods	3	4	-	-
			Other expenses	55	92	-	-
			Sale of services	(187)	(89)	-	-
			Final dividend	145	-	-	-
			Trade payables	-	-	285	121
			Deferred rent liability	-	-	22	24
			Rent deposit paid	-	-	(23)	(20)
			Trade receivables	-	-	(254)	(53)
			Guarantee given by Biocon Limited to CED on behalf of the Company	-	-	148	148

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

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended March 31, 2018 Expenses / (Income) / Other transactions	Transaction value for year ended March 31, 2017 Expenses / (Income) / Other transactions	Balance as at March 31, 2018 Payable / (Receivable) / Other transactions	Balance as at March 31, 2017 Payable / (Receivable) / Other transactions
(b)	Biocon Research Limited	Fellow subsidiary	Sale of services	(1)	(4)	-	-
			Final dividend	2	-	-	-
			Trade receivables	-	-	(7)	(7)
(c)	Biocon SA, Switzerland	Fellow subsidiary	Sale of services	(3)	(60)	-	-
			Trade receivables	-	-	(3)	(61)
(d)	Biocon Biologics Limited, UK	Fellow subsidiary	Sale of services	(163)	(127)	-	-
			Trade receivables	-	-	(175)	(81)
(e)	Biocon Sdn. Bhd., Malaysia	Fellow subsidiary	Sale of services	(84)	(38)	-	-
			Purchase of goods	-	2	-	-
			Trade receivables	-	-	(50)	(37)
			Trade payables	-	-	2	2
(f)	Syngene USA Inc.	Wholly owned subsidiary	Sales and support services availed	37	-	-	-
			Trade payables	-	-	3	-
		[refer note (iv) below]	Investment in equity shares	-	-	3	-
(g)	Biocon Foundation	Trust #	Contribution towards CSR	52	41	-	-
(h)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(1)	(2)	-	-
			Health services availed	*-	-	-	-
			Trade receivables	-	-	(1)	(1)
			Trade payables	-	-	-*	-
(i)	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Staff welfare expenses	4	4	-	-
			Trade payables	-	-	-	-

* Less than Rs. 0.5 million.

\# Trust in which Kiran Mazumdar Shaw is a Trustee.

Notes:

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

(ii) Salary and perquisites of Jonathan Hunt includes contribution to provident fund of Rs. 3 relating to earlier period.

(iii) Effective from October 1, 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs 157 (Year ended March 31, 2017 - Rs 106) and power charges (including other charges) of Rs 390 (Year ended March 31, 2017 - Rs 317) have been charged by Biocon Limited for the year ended March 31, 2018.

(iv) The Company has incorporated its wholly owned overseas subsidiary, Syngene USA Inc., USA ('the Subsidiary') during the year and operational from 1 November 2017.

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

NeoBiocon FZ LLC, a subsidiary of Biocon Limited
Biocon FZ LLC, a subsidiary of Biocon Limited
Biocon Pharma Limited, India - subsidiary of Biocon Limited
Biocon Pharma Inc, USA - subsidiary of Biocon Limited
Biocon Biologics India Limited, India - subsidiary of Biocon Limited
Biocon Academy, India - subsidiary of Biocon Limited
Biocon Healthcare Sdn Bhd, Malaysia - subsidiary of Biocon Limited

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

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

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

27. EMPLOYEE BENEFIT PLANS

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2017	241	(2)	239
Current service cost	53	-	53
Interest cost	27	-	27
Amount recognised in Statement of profit and loss	**80**	**-**	**80**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1)	(1)
Actuarial (gain) / loss arising from:			
Demographic assumptions	23	-	23
Financial assumptions	(29)	-	(29)
Experience adjustment	17	-	17
Amount recognised in other comprehensive income	**11**	**(1)**	**10**
Benefits paid	(9)	-	(9)
Balance as at March 31, 2018	**323**	**(3)**	**320**

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

* Less than Rs. 0.5 million.

	March 31, 2018	March 31, 2017
Non current	290	199
Current	30	40
	320	**239**

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

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

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

	March 31, 2018	March 31, 2017
Interest rate	7.7%	6.7%
Discount rate	7.7%	6.7%
Expected return on plan assets	7.7%	6.7%
Salary increase	9.0%	9.0%
Attrition rate (based on Age of the Employee)	5% - 16%	7% - 26%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 8 years (March 31, 2017 - 8 years)

The defined benefit plan exposes the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

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

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate	(22)	25	(11)	13
Salary increase	24	(21)	12	(11)
Attrition rate	(4)	5	(2)	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, 2018 and March 31, 2017, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2019, is approximately Rs 30 (March 31, 2018 - Rs 40)

Maturity profile of defined benefit obligation

Particulars	March 31, 2018	March 31, 2017
1st Following year	30	40
2nd Following year	29	34
3rd Following year	28	29
4th Following year	27	25
5th Following year	27	21
Years 6 to 10	140	90
Years 11 and above	355	214

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

28. FINANCIAL INSTRUMENTS: FAIR VALUE AND RISK MANAGEMENTS

A. Accounting classification and fair values

March 31, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)	-	-	3	3	-	-	-	-
Derivative assets (non-current)	-	1,078	-	1,078	-	1,078	-	1,078
Other financial assets (non-current)	-	-	81	81	-	-	-	-
Investments (current)	1,577	-	-	1,577	1,577	-	-	1,577
Trade receivables	-	-	2,668	2,668	-	-	-	-
Cash and cash equivalents	-	-	2,518	2,518	-	-	-	-
Bank balances other than above	-	-	7,147	7,147	-	-	-	-
Derivative assets (current)	19	867	-	886	-	886	-	886
Other financial assets (current)	-	-	847	847	-	-	-	-
	1,596	**1,945**	**13,264**	**16,805**	**1,577**	**1,964**	**-**	**3,541**
Financial liabilities								
Borrowings (non-current)	-	-	5,855	5,855	-	-	-	-
Derivative liabilities (non-current)	-	118	-	118	-	118	-	118
Borrowings (current)	-	-	781	781	-	-	-	-
Trade payables	-	-	2,034	2,034	-	-	-	-
Derivative liabilities (current)	-	13	-	13	-	13	-	13
Other financial liabilities (current)	-	-	2,047	2,047	-	-	-	-
	-	**131**	**10,717**	**10,848**	**-**	**131**	**-**	**131**

March 31, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	-	1,056	-	1,056	-	1,056	-	1,056
Other financial assets (non-current)	-	-	33	33	-	-	-	-
Investments (current)	5,404	-	-	5,404	5,404	-	-	5,404
Trade receivables	-	-	1,987	1,987	-	-	-	-
Cash and cash equivalents	-	-	2,345	2,345	-	-	-	-
Bank balances other than above	-	-	2,928	2,928	-	-	-	-
Derivative assets (current)	71	870	-	941	-	941	-	941
Other financial assets (current)	-	-	835	835	-	-	-	-
	5,475	**1,926**	**8,128**	**15,529**	**5,404**	**1,997**	**-**	**7,401**
Financial liabilities								
Borrowings (non-current)	-	-	6,898	6,898	-	-	-	-
Borrowings (current)	-	-	972	972	-	-	-	-
Trade payables	-	-	1,025	1,025	-	-	-	-
Derivative liabilities (current)	-	10	-	10	-	10	-	10
Other financial liabilities (current)	-	-	1,296	1,296	-	-	-	-
	-	**10**	**10,191**	**10,201**	**-**	**10**	**-**	**10**

Measurement of fair values

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

Sensitivity analysis

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

Significant observable inputs	Impact on Profit or (loss)		Impact on other components of equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Movement in spot rate of foreign currency				
INR/USD - Increase by 1%	(3)	(7)	(342)	(183)
INR/USD - Decrease by 1%	3	7	342	184
Movement in interest rates				
LIBOR - Increase by 100 bps	-	-	(290)	(165)
LIBOR - Decrease by 100 bps	-	-	290	165

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

B. Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

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

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 3,224 (March 31, 2017: Rs 2,230). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	March 31, 2018	March 31, 2017
Opening balance	32	14
Impairment loss recognised	32	18
Closing balance	**64**	**32**

Receivable from two customers of the Company's receivables is Rs. 671 [March 31, 2017 - Rs. Nil] which is more than 10 percent of the Company's total receivables.

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

(iii) Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	1,238	2,450	3,295	110	7,093
Borrowings (current)	781	-	-	-	781
Trade payables	2,034	-	-	-	2,034
Derivative liabilities (non-current)	-	2	24	92	118
Derivative liabilities (current)	13	-	-	-	13
Other financial liabilities	809	-	-	-	809
Total	**4,875**	**2,452**	**3,319**	**202**	**10,848**

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 - 10 years	Total
Borrowings (non-current)	194	1,226	5,672	-	7,092
Borrowings (current)	972	-	-	-	972
Trade payables	1,025	-	-	-	1,025
Derivative liabilities (current)	10	-	-	-	10
Other financial liabilities	1,102	-	-	-	1,102
Total	**3,303**	**1,226**	**5,672**	**-**	**10,201**

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

(iv) Market risk

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

Foreign currency risk

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

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

March 31, 2018	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,284	75	-	2,359
Cash and cash equivalents	434	-	-	434
Other financial assets (current)	520	14	-	534
Financial liabilities				
Borrowings (non-current)	(5,695)	-	-	(5,695)
Borrowings (current)	(781)	-	-	(781)
Trade payables	(466)	(3)	(104)	(573)
Other financial liabilities (current)	(1,345)	(36)	(20)	(1,401)
Net assets / (liabilities)	**(5,049)**	**50**	**(124)**	**(5,123)**

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

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
USD Sensitivity				
INR/USD - Increase by 1%	(54)	(72)	(395)	(255)
INR/USD - Decrease by 1%	54	72	395	256
EUR Sensitivity				
INR/EUR - Increase by 1%	(1)	- *	(1)	- *
INR/EUR - Decrease by 1%	1	- *	1	- *

* Less than Rs. 0.5 million.

Derivative financial instruments

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

Particulars	March 31, 2018	March 31, 2017
Foreign exchange forward contracts to buy	USD 383 (INR 24,916)	USD 30 (INR 1,946)
European style option contracts with periodical maturity dates	USD 190 (INR 12,368)	USD 276 (INR 17,859)

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

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2018 and March 31, 2017 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

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

Particulars	March 31, 2018	March 31, 2017
Variable rate borrowings	2,826	3,203
Fixed rate borrowings	5,048	4,861
Total borrowings	**7,874**	**8,064**

(b) Sensitivity

The Company policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

29. CAPITAL MANAGEMENT

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

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

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

The capital structure as of March 31, 2018 and 2017 was as follows:

Particulars	March 31, 2018	March 31, 2017
Total equity attributable to the equity shareholders of the Company	17,201	14,131
As a percentage of total capital	69%	64%
Long-term borrowings	7,093	7,092
Short-term borrowings	781	972
Total borrowings	**7,874**	**8,064**
As a percentage of total capital	31%	36%
Total capital (Equity and Borrowings)	**25,075**	**22,195**

30. TAX EXPENSE

(a) Amount recognised in Statement of profit and loss

	March 31, 2018	March 31, 2017
Current tax	793	710
Deferred tax:		
MAT credit entitlement	(182)	(219)
Others related to:		
Origination and reversal of other temporary differences	59	101
Tax expense for the year	**670**	**592**
Reconciliation of effective tax rate		
Profit before tax	3,721	3,465
Tax at statutory income tax rate 34.61% (March 31, 2017 - 34.61%)	1,288	1,199
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Exempt income	(7)	(49)
Tax incentive	(519)	(549)
Additional deduction on investment allowance	-	(109)
Non-deductible expense	44	49
Basis difference that will reverse during the tax holiday period	(62)	(22)
Others	(74)	73
Income tax expense	**670**	**592**

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

(b) Recognised deferred tax assets and liabilities

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

For the year ended March 31, 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	899	182	-	1,081
Employee benefit obligations	58	16	2	76
Others	15	12	-	27
Gross deferred tax assets	**972**	**210**	**2**	**1,184**
Deferred tax liability				
Derivatives	147	-	38	185
Property, plant and equipment and intangible assets	158	98	-	256
Others	30	(11)	-	19
Gross deferred tax liability	**335**	**87**	**38**	**460**
Deferred tax asset / (liabilities), net	637	123	(36)	724

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

(This space has been intentionally left blank)

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

31. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

	March 31, 2018	March 31, 2017
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	2,383	1,882
The above includes:		
(I) Income tax matters relating to financial year 2002 - 03 to 2014 - 15 (March 31, 2017 : financial year 2002 - 03 to FY 2013 -14)	2,358	1,857
(II) Service tax matters	23	23
(III) Sales tax matters	2	2
Other than the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that these will not have any material adverse effect on the company's financial position or results of operations.		
(b) Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2,447	654
(b) Operating lease commitments (Company is a lessee)		
(I) Rent		
The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2027. Gross rental expenses for the year aggregate to Rs 97 (March 31, 2017 - Rs 57).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	29	-
Later than one year and not later than five years	133	-
Later than five years	180	-
(II) Vehicles		
The Company had taken vehicles for certain employees under operating leases, which were to expire over a period ranging upto 2020. During the year, the Company closed all of its operating leases that it entered for its employees. Gross rental expenses for the year aggregate to Rs 2 (March 31, 2017 - Rs 5).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	-	6
Later than one year and not later than five years	-	13
(c) Finance lease commitments (Company is a lessee)		
The Company has entered into lease for use of certain items of leasehold improvements on finance lease basis. The legal title to these items vests with lessor. The lease term of leasehold improvements is 10 years covering a period upto 2027.		
Future minimum lease payable including interest element under finance leases are as follows:		
Not later than one year	22	-
Later than one year and not later than five years	100	-
Later than five years	135	-

32. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the previous year, the Company had SBNs or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of SBN held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	0.2	1.3	1.5
(+) Permitted receipts	-	1.2	1.2
(-) Permitted payments	-	(2.1)	(2.1)
(-) Amount deposited in Banks	(0.2)	-	(0.2)
Closing cash in hand as on December 30, 2016	-	0.4	0.4

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

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

33. SEGMENTAL INFORMATION

Operating segments

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

Geographical information

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

	Year ended March 31, 2018	Year ended March 31, 2017
Contract research and manufacturing services income		
India	1,403	602
United States of America	9,014	8,170
Rest of the World	3,814	3,237
Total	**14,231**	**12,009**

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

	March 31, 2018	March 31, 2017
Carrying amount of non-current assets		
India	12,805	10,781
Outside India	-	-
Total	**12,805**	**10,781**

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

Major customer

Revenue from one customer of the Company's Revenue from operations is Rs. 3,499 (March 31, 2017 - Rs.3,372) which is more than 10 percent of the Company's total revenue.

34. SHARE BASED COMPENSATION

Syngene ESOP Plan

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company. The Board of Directors approved the employee stock option plan of the Company. On October 31, 2012 the Trust subscribed 6,680,000 equity shares (Face Value of Rs. 10 per share) of the Company using the proceeds from interest free loan of Rs. 150 obtained from the Company, adjusted for the consolidation of shares and bonus issue. As at March 31, 2018, the Trust holds 3,065,964 (March 31, 2017: 4,513,525) equity shares of face value of Rs. 10 each, adjusted for the consolidation of shares and bonus issue. As of March 31, 2018, the Trust has transferred 3,614,036 (March 31, 2017 - 2,166,475) equity shares to the employees on exercise of their stock options.

Grant

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

Details of Grant

Particulars	March 31, 2018 No. of options	March 31, 2017 No. of options
Outstanding at the beginning of the year	3,634,457	4,942,835
Granted during the year	121,500	166,000
Forfeited during the year	(73,174)	(68,684)
Exercised during the year	(1,447,561)	(1,405,694)
Outstanding at the end of the year	2,235,222	3,634,457
Exercisable at the end of the year	1,121,670	668,492
Weighted average exercise price	22.5	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	479.8	485.1
Weighted average share price at the date of exercise (In Rs)	472.0	509.4

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 2.13 years [March 31, 2017 - 1.36 years].

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

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

Particulars	March 31, 2018	March 31, 2017
Dividend yield (%)	0.3%	0.3%
Exercise Price (In Rs)	22.5	22.5
Volatility	33.5%	34.2%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.7%	6.7%

35. EXCEPTIONAL ITEM

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company recorded a loss of Rs 795 arising from such incident during the year ended 31 March 2017. During the year ended 31 March 2018, the Company has additionally recorded losses aggregating to Rs. 237. The Company also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (Rs. Nil) under Exceptional items in these standalone financial statements. During the year ended March 31, 2018, the Company has received a disbursement of Rs. 615 (March 31, 2017: Rs 200) from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

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

36. CORPORATE SOCIAL RESPONSIBILITY

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

	March 31, 2018	March 31, 2017
(a) Amount required to be spent by the Company during the year	52	41
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	52	41

37. EARNINGS PER SHARE (EPS)

	March 31, 2018	March 31, 2017
Earnings		
Profit for the year	3,051	2,873
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(1,941,614)	(4,659,952)
Weighted average shares used for computing basic EPS	198,058,386	195,340,048
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	669,605	2,115,356
Weighted average shares used for computing diluted EPS	**198,727,991**	**197,455,404**
Earnings per share		
Basic (in Rs.)	15.46	14.71
Diluted (in Rs.)	15.41	14.55

38. EVENTS AFTER REPORTING PERIOD

On April 25, 2018, the Board of Directors of the Company has recommended a final dividend of Rs. 1 per equity share on face value of Rs. 10 each. The recommended dividend is subject to the approval of the shareholders in the Annual General Meeting of the Company.

39. PRIOR YEARS' COMPARATIVES

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 25, 2018