Independent Auditor's Report

To the Members of
Syngene International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Syngene International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

2. As required by section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35(b) to the financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Place: Bengaluru
Date: April 26, 2016

Annexure 1 to the Auditor's report

The Annexure referred to in our report to the members of Syngene International Limited ('the Company') for the year ended March 31, 2016. We report that:

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

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

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the Company is in the process of registering the title deeds of immovable properties comprising of (a) land and building acquired during the year ended March 31, 2015, from merger of Clinigene International Limited (an erstwhile wholly owned subsidiary of the Company) amounting to ₹173 million and (b) leasehold land amounting to ₹531 million, included in tangible assets and capital work-in-progress respectively. Also refer note 13(d) to the financial statements pertaining to buildings constructed on leasehold land.

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

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

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

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

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

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

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

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

Name of the statute	Nature of dues	Amount disputed (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	507	289	PY 2009-10, PY 2010-11 and PY 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	269	-	PY 2004-05 and PY 2005-06	High Court of Karnataka
Finance Act, 1994	Service Tax (including interest)	6	1	March 16, 2005 to February 28, 2007	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Non deduction of tax at source	2	-	FY 2009-2010 and FY 2010-2011	Joint Commissioner, Commercial Taxes

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company did not have any borrowings by way of debentures or from government.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by the Company by way of term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds amounting to ₹6,628 million as at March 31, 2016, which were not required for immediate utilization have been invested in fixed deposit and current account with bank. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).

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

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Place: Bengaluru
Date: April 26, 2016

Annexure 2 to the Auditor's Report of even date on the financial statements of Syngene International Limited

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

We have audited the internal financial controls over financial reporting of Syngene International Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 26, 2016 expressed unqualified opinion.

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

per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Place: Bengaluru
Date: April 26, 2016

Balance Sheet as at March 31, 2016

(All amounts in Indian Rupees million)

	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,992	1,991
Reserves and surplus	4	8,536	6,458
		10,528	8,449
Non - current liabilities			
Long-term borrowings	5	7,252	186
Deferred Tax liability (net)	6	48	49
Other Long-term liabilities	7	526	647
Long-term provisions	8	181	132
		8,007	1,014
Current liabilities			
Short-term borrowings	9	1,658	1,364
Trade Payables	10		
- Total outstanding dues of micro enterprises and small enterprises		15	5
- Total outstanding dues of creditors other than micro enterprises and small enterprises		729	687
Other current liabilities	11	2,764	2,602
Short-term provisions	12	194	94
		5,360	4,752
TOTAL		23,895	14,215
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	5,743	4,976
Intangible assets	14	59	57
Capital work-in-progress		2,368	1,051
Long-term loans & advances	15	1,423	1,142
Other non-current assets	16	818	1,131
		10,411	8,357
Current assets			
Current investments	17	2,764	1,460
Inventories	18	377	384
Trade receivables	19	1,852	1,799
Cash and bank balances	20	7,199	1,157
Short-term loans and advances	21	319	338
Other current assets	22	973	720
		13,484	5,858
TOTAL		23,895	14,215
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

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

per **Aditya Vikram Bhauwala**
Partner
Membership No: 208382

Kiran Mazumdar Shaw
Managing Director
DIN: 347229

JMM Shaw
Director
DIN: 347250

Jonathan Hunt
Chief Executive Officer

Place: Bengaluru
Date : 26 April 2016

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Statement of Profit and Loss for the year ended March 31, 2016

(All amounts in Indian Rupees million, except share data and per share data)

	Notes	Year ended March 31, 2016	Year ended March 31, 2015
INCOME			
Revenue from operations	23	11,070	8,599
Other Income	24	61	117
Total Revenue		**11,131**	**8,716**
EXPENSES			
Cost of chemicals, reagents and consumables consumed	25	3,148	2,493
(Increase)/ decrease in Inventories	26	(44)	(103)
Employee benefits expense	27	2,503	2,019
Other expenses	28	1,885	1,379
Depreciation & Amortisation expense	13 & 14	973	814
Finance costs	29	84	79
Total Expenses		**8,549**	**6,681**
Profit before tax		2,582	2,035
Tax expenses			
Current tax		537	404
Less: MAT credit entitlement		(166)	(117)
Deferred tax		(1)	(2)
Total tax expense		**370**	**285**
Profit for the year		**2,212**	**1,750**
Earnings per equity share (nominal value of share ₹10/-) (refer note 41)			
Basic (in ₹)		11.40	9.20
Diluted (in ₹)		11.06	8.89
Weighted average number of shares used in computing earnings per share (refer note 41)			
Basic		194,080,781	190,164,803
Diluted		200,000,000	196,844,803
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Aditya Vikram Bhauwala
Partner
Membership No: 208382

Place: Bengaluru
Date : 26 April 2016

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

Kiran Mazumdar Shaw
Managing Director
DIN: 347229

JMM Shaw
Director
DIN: 347250

Jonathan Hunt
Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees million)

		Year ended March 31, 2016	Year ended March 31, 2015
I	CASH FLOWS FROM OPERATING ACTIVITIES :		
	Net profit before tax	2,582	2,035
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and Amortisation expense	973	814
	Provision for doubtful receivables	9	2
	Employee stock compensation expense	86	60
	Unrealised exchange (gain)/loss	62	9
	Interest expense	80	76
	Dividend earned	(59)	(99)
	Other operating income	(146)	(133)
	Interest Income	(1)	-
	Operating profit before working capital changes	**3,586**	**2,764**
	Movements in working capital :		
	Increase/ (decrease) in trade payables	54	(120)
	Increase/ (decrease) in other liabilities	110	281
	Increase/ (decrease) in provisions	61	39
	Decrease/ (increase) in trade receivables	(109)	(784)
	Decrease/ (increase) in inventories	7	(235)
	Decrease/ (increase) in loans & advances	(236)	(178)
	Decrease/ (increase) in other assets	55	(1,161)
	Cash generated from/ (used in) operations	**3,528**	**606**
	Direct taxes paid (net of refunds)	(404)	(421)
	Net cash flow from/ (used in) operating activities	**3,124**	**185**
II	CASH FLOWS FROM INVESTING ACTIVITIES :		
	Purchase of Tangible assets, including capital work in progress and capital advances and net of reimbursement from customers	(2,902)	(1,970)
	Purchase of Intangible assets	(18)	(69)
	Proceeds from sale of Tangible assets	2	-
	Investment in Bank deposits (having original maturity of more than 3 months)	(3,326)	-
	Dividend received	59	99
	Interest received	1	-
	Proceeds from current investments	8,516	6,277
	Purchase of current investments	(9,820)	(4,217)
	Net cash flow from/ (used in) investing activities	**(7,488)**	**120**

		Year ended March 31, 2016	Year ended March 31, 2015
III	CASH FLOWS FROM FINANCING ACTIVITIES :		
	Proceeds from issuance of share capital	-	1,334
	Recovery of loan from ESOP Trust	22	40
	Proceeds from long term borrowings	7,074	185
	Proceeds/ (Repayment) from/of short term borrowings, net	319	(252)
	Dividend paid on equity shares	(200)	(1,138)
	Tax on equity dividend paid	(41)	(193)
	Interest paid	(80)	(77)
	Net cash flow from/ (used in) financing activities	**7,094**	**(101)**
IV	NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	**2,730**	**204**
	Effect of exchange difference on cash & cash equivalents held in foreign currency	(14)	35
	Cash and cash equivalents at the beginning of the year	1,157	916
	Cash and cash equivalents acquired on merger (refer note 1.1)	-	2
V	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,873**	**1,157**
	COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (refer note 20)		
	Balance with Banks:		
	In current accounts	3,873	1,157
		3,873	**1,157**
Summary of significant accounting policies 2.1			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per **Aditya Vikram Bhauwala**
Partner
Membership No: 208382

Place: Bengaluru
Date : 26 April 2016

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

Kiran Mazumdar Shaw
Managing Director
DIN: 347229

JMM Shaw
Director
DIN: 347250

Jonathan Hunt
Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Notes to the Financial Statements for the year ended March 31, 2016

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

1. Corporate information

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

The Company is engaged in providing contract research and manufacturing services in early stage drug discovery and development to pharmaceutical and biotechnology companies worldwide. Syngene' s services include discovery chemistry and biology services, toxicology, pharmaceutical development, process development /manufacture of advanced intermediates, active pharmaceutical ingredients and bio-therapeutics. Pursuant to merger as discussed in note 1.1, the Company also undertakes clinical research activities on discovering new biomarkers and discovering new diseases subsets and novel data based on pharmacogenomics.

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

1.1 Scheme of arrangement

The Honourable High Court of Karnataka ('the Court') approved the scheme of amalgamation ('the Scheme') of Clinigene International Limited ('Clinigene'), a wholly owned subsidiary, with the Company under the Companies Act, 1956 with Appointed date as April 01, 2014 vide the order dated February 5, 2015 ('the Order').

The Scheme was accounted by the Company under the Pooling of Interest method as prescribed by Accounting Standard 14 - Accounting for Amalgamation, with effect from April 1, 2014. Accordingly, the results of the Company include the operations and balances of Clinigene with effect from April 1, 2014 and the assets and liabilities, and balance in reserves and surplus of Clinigene as at Appointed Date have been recorded at their carrying values in the books of Syngene under the Pooling of Interest method as prescribed by Accounting Standard 14 - Accounting for Amalgamation ('AS 14').

2. Basis of preparation

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

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

2.1 Summary of significant accounting policies

a. Use of estimates

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

b. Tangible fixed assets and depreciation

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

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

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

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

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

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

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

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

Management's estimates of useful lives of certain fixed assets are lower than those stated in Schedule II to the Companies Act, 2013. Management has estimated these useful lives after taking into consideration technical advice, prior asset usage experience and the risk of technological obsolescence.

c. **Intangible assets and amortization of intangible assets**

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

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

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

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

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

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

d. Impairment of tangible and intangible assets

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

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

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

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

e. Inventories

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

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

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

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

f. **Revenue recognition**

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

Contract research and manufacturing services income

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

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

In respect of contracts involving sale of compounds arising out of contract research, 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.

Dividends

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

Interest Income

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

g. **Investments**

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

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

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

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

h. **Retirement and other employee benefits**

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

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

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

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

i. Foreign currency translation

Foreign currency transaction and balances

(a) Initial Recognition

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

(b) Conversion

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

(c) Exchange Differences

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

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

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

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

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

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

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

j. **Income tax**

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

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

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

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

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

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

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

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

k. **Borrowing cost**

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

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

l. Earnings Per Share

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

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

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

m. Employee stock compensation costs

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

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

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

n. Operating lease

Where the Company is a Lessee

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

o. Segment reporting

Identification of segments

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

Inter-segment Transfers

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

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

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

p. Provision

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

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

q. Contingent liabilities

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

r. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s. Derivative instruments

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

t. Amalgamation accounting

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

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

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

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

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

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

All other amalgamations are in the nature of purchase.

3. Share capital

	As at March 31, 2016	As at March 31, 2015
Authorised		
250,000,000 (March 31, 2015: 250,000,000) equity shares of ₹10/- each	2,500	2,500
Issued, subscribed and fully paid-up		
200,000,000 (March 31, 2015: 200,000,000) equity shares of ₹10/- each	2,000	2,000
Less : Amount Recoverable from Syngene Employees Welfare Trust		
830,729 (March 31, 2015: 937,500) equity shares of ₹10/- each	(8)	(9)
(refer note c(ii), d (i) below and Note 37 (b))		
199,169,271 (March 31, 2015: 199,062,500) equity shares of ₹10/- each	1,992	1,991

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

Equity shares	As at March 31, 2016		As at March 31, 2015	
	No.	₹	No.	₹
At the beginning of the year	200,000,000	2,000	54,166,667	270
Issued during the year (note d (ii) & (iii), below)	-	-	1,971,061	10
Decrease in number of shares on account of consolidation (note c (ii) below)	-	-	(28,068,864)	-
Issue of Bonus shares during the year (note k below)	-	-	171,931,136	1,720
At the end of the year	200, 000,000	2,000	200,000,000	2,000
Less: Amount recoverable from Syngene Employee Welfare Trust [refer note 37(b)]	(830,729)	(8)	(937,500)	(9)
Outstanding at the end of the year	**199,169,271**	**1,992**	**199,062,500**	**1,991**

b. Terms / rights attached to equity shares

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

During the year ended March 31, 2016, interim dividend distributed to equity shareholders was ₹1/- (March 31, 2015 - ₹21/-) per share on face value of ₹10/- each (March 31, 2015 - ₹5/- each). Refer note c (ii) below.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

(iii) The Shareholders' at the EGM of the Company held on March 16, 2015, approved increase in authorised share capital from 30,000,000 equity shares of ₹10/- each to 250,000,000 equity shares of ₹10/- each.

d. (i) The Company alloted 1,875,000 equity shares on October 31,2012 at the rate of ₹80 per share (Face Value : ₹5 per Share) to Syngene Employees Welfare Trust ('Trust') under section 81 (1A) of the Companies Act, 1956. [Refer Note 37 (b)].

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

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

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

	As at March 31, 2016		As at March 31, 2015	
	No.	% holding*	No.	% holding*
Equity Shares of ₹10/- each fully paid				
Biocon Limited (holding company) [refer note (i) below]	145,217,843	72.61%	167,217,843	83.61%
Biocon Research Limited (subsidiary of Biocon Limited)	1,866,673	0.93%	1,866,673	0.93%

* Taking into consideration the equity shares alloted to the Trust

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

	As at March 31, 2016		As at March 31, 2015	
	No.	% holding*	No.	% holding*
Equity shares of ₹10 each fully paid				
Biocon Limited [refer note (i) below]	145,217,843	72.61%	167,217,843	83.61%
Silver Leaf Oak (Mauritius) Limited [refer note (j) below]	19,850,000	9.93%	-	-
IVF Trustee Company Private Limited (sole trustee of India Value Fund IV) [refer note (h) & (j) below]	-	-	20,000,004	10.00%

* Taking into consideration the equity shares alloted to the Trust

g. **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:**

	As at March 31, 2016	As at March 31, 2015
Equity shares allotted as fully paid bonus shares by capitalization of surplus in Statement of profit and loss *	41,750,000	41,750,000
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	760,781	-

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

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

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

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

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

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

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

l. **Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer to note 37.

4. Reserves and surplus

	As at March 31, 2016	As at March 31, 2015
Securities premium account		
Balance as per the last financial statements	969	1,365
Add: Premium on issue of equity shares [refer note 3(d)(ii) & (iii) above]	-	1,324
Add: Transfer from Employee stock options outstanding	35	-
Less: Issue of bonus shares [refer note 3(k) above]	-	(1,720)
	1,004	969
Less: Amount recoverable from Syngene Employees Welfare Trust	(80)	(101)
[Refer Note 3(d)(i) and Note 37(b)]		
Closing balance	**924**	**868**
General Reserve		
Balance as per the last financial statements	47	46
Balance as at April 1, 2014 of Transferor Company [refer note 1.1]	-	1
Closing balance	**47**	**47**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	5,424	5,003
Balance as at April 1, 2014 of Transferor Company [refer note 1.1]	-	2
Profit for the year	2,212	1,750
Less: Appropriations		
Interim dividend on equity shares	(200)	(1,138)
Tax on Interim dividend	(41)	(193)
Net surplus in the statement of Profit and loss	**7,395**	**5,424**
Employee stock options outstanding [refer note (i) below]		
Gross employee stock compensation as per the last financial statements	278	259
Add : Gross compensation for options granted during the year	345	25
Less : Transfer to Securities Premium Account on options exercised	(35)	-
Less : Lapsed / forfeited during the year	(6)	(6)
	582	278
Less : Closing balance of deferred employee stock compensation cost	412	159
Closing balance	**170**	**119**
Total reserves and surplus	**8,536**	**6,458**
(i) Deferred Employee Stock Compensation Cost :		
Stock compensation cost outstanding at the beginning of the year	159	200
Stock options granted during the year	345	25
Stock options cancelled / forfeited during the year	(6)	(6)
Stock compensation cost amortised during the year	(86)	(60)
Closing balance of deferred employee stock compensation cost	**412**	**159**

5. Long-term borrowings

	As at March 31, 2016	As at March 31, 2015
From Banks		
Buyer's credit loan(secured) [refer note (i) below]	624	186
External commercial borrowing (secured) [refer note (ii) below]	6,628	-
	7,252	186

(i) The Company has obtained a foreign currency denominated long term secured buyer's credit loans of ₹624 (USD $9.41 million) [March 31, 2015 - ₹186 (USD 2.99 million)] as of March 31, 2016 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. The loans are repayable at end of 960 days to 1079 days from the date of its origination.

(ii) (a) The Company has entered into External Commerial Borrowing agreement with Citibank N.A. and HSBC Bank (Mauritius) Limited dated March 30, 2016 to borrow ₹6,628 (USD 100 million) comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of the Company and are funded equally by Citibank N.A. and HSBC Bank (Mauritius) Limited .

(b) 'Facility A' of ₹3,314 (USD $ 50 million) carries an interest rate of Libor + 1.04% and is repayable in two installments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of ₹3,314 (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.

6. Deferred tax liability (net)

	As at March 31, 2016	As at March 31, 2015
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and	128	100
depreciation charged for the financial reporting		
Gross deferred tax liability	**128**	**100**
Deferred tax asset		
Employee retirement benefits expenditure charged to the statement of profit	80	51
and loss in the current year but allowed for tax purposes on payment basis		
Gross deferred tax asset	**80**	**51**
Net deferred tax liability	**48**	**49**

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

7. Other Long-term liabilities

	As at March 31, 2016	As at March 31, 2015
Deferred revenues [refer Note 13 (b)]	509	633
Deferred rent liability	17	14
	526	647

8. Long-term provisions

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits:		
Provision for gratuity (note 31)	181	132
	181	132

9. Short-term borrowings

	As at March 31, 2016	As at March 31, 2015
From Banks		
Pre shipment credit (unsecured) [refer note (i) & (ii) below]	-	1,364
Pre shipment credit (secured) [refer note (iii) below]	1,658	-
	1,658	1,364

(i) The Company had obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹810 (USD 13 Million) as of March 31, 2015 from Yes Bank Limited that carried interest rate of Libor + 0.15%. The loans were repayable at the end of 6 months from the date of its origination and has been repaid during the year.

(ii) The Company had obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹554 (USD 8.9 Million) as of March 31, 2015 from HDFC Bank Limited that carried interest rate of Libor + 0.42%. The loans were repayable at the end of 6 months from the date of its origination and has been repaid during the year.

(iii) The Company has obtained foreign currency denominated short term secured pre-shipment credit loans of ₹1,658 (USD 25 Million) [March 31, 2015 -nil] from The Royal Bank of Scotland N. V. that carries interest rate of Libor + 0.10%. The loans are repayable after the end of 6 months from the date of its origination. The facility provided are secured by charge on fixed assets and current assets of the Company.

10. Trade payables

	As at March 31, 2016	As at March 31, 2015
Trade payables		
- total outstanding dues of micro and small enterprises (Refer note below for details of dues to micro and small enterprise)	15	5
- total outstanding dues of creditors other than micro and small enterprises	729	687
	744	692
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act")		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	15	5
- Interest due on above	0.8	0.1
(ii) The amount of Interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	80	44
(iii) Interest due and payable for the period of delay in making payment during the year	2	1
(iv) Interest accrued and remaining unpaid at the end of the year	-	-
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	-	-

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

11. Other current liabilities

	As at March 31, 2016	As at March 31, 2015
Payable for capital goods	184	137
Advances from customers	2,378	2,188
Balance in current account with bank representing book overdraft	-	90
Deferred revenues [refer note 13(b)]	147	144
Others		
-Statutory dues [refer note (a) below]	55	43
	2,764	2,602

Note:

(a) Statutory dues include Tax Deducted at Source, Service tax, Provident Fund, Employee State Insurance and Profession Tax payable at year end.

12. Short-term provisions

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits:		
Provision for leave encashment	75	63
Provision for Income tax, net of advance tax	119	31
	194	94

13. Tangible assets

	Land	Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Vehicles	Total
Cost							
At April 01, 2014	-	1,136	5,918	57	83	5	7,199
Additions pursuant to merger [refer note 1.1]	42	130	320	6	43	2	543
Additions	-	244	1,294	5	23	6	1,572
Disposals	-	-	3	-	-	-	3
At March 31, 2015	42	1,510	7,529	68	149	13	9,311
Additions	-	276	1,412	4	34	-	1,726
Disposals	-	-	8	-	-	2	10
At March 31, 2016	42	1,786	8,933	72	183	11	11,027
Depreciation							
At April 01, 2014	-	244	2,908	49	54	3	3,258
Arising pursuant to merger [refer note 1.1]	-	39	190	5	42	2	278
Charge for the year	-	57	727	5	12	1	802
Disposals	-	-	3	-	-	-	3
At March 31, 2015	-	340	3,822	59	108	6	4,335
Charge for the year	-	66	873	6	12	-	957
Disposals	-	-	6	-	-	2	8
At March 31, 2016	-	406	4,689	65	120	4	5,284
Net Block							
At March 31, 2015	42	1,170	3,707	9	41	7	4,976
At March 31, 2016	42	1,380	4,244	7	63	7	5,743

Notes:

(a) The Company has entered into agreements with customers, which grant the customers an option to purchase fixed assets with gross block of ₹3,009 (March 31, 2015 - ₹2,818) as at March 31, 2016 relating to particular projects, upon satisfaction of certain terms and conditions. The consideration would be as per the terms of the agreement, subject to amounts already funded / contributed by the customer.

(b) Additions to fixed assets during the year ended March 31, 2016, include assets of ₹25 (March 31, 2015 - ₹215) which have been funded by the customers. The Company has capitalised and depreciated the gross cost of these assets. The funding received from the customer is reflected as Deferred revenues in note 7 and note 11 and the same is recognised as other operating revenue on a systematic basis over the useful life of the asset / period of contract. Cumulative amount of such funded assets as at March 31, 2016 - ₹1,270 (March 31, 2015 - ₹1,245) (gross block).

(c) Plant and equipment includes computers.

(d) Buildings with a cost of ₹1,655 (March 31, 2015 - ₹1,379) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

(e) Foreign exchange loss of ₹12 (March 31, 2015 - Nil) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset and is being depreciated over the balance life of the asset.

14. Intangible assets

	Software	Total
Cost		
At April 01, 2014	-	-
Additions	69	69
Disposals	-	-
At March 31, 2015	69	69
Additions	18	18
Disposals	-	-
At March 31, 2016	87	87
Amortisation		
At April 01, 2014	-	-
Charge for the year	12	12
Disposals	-	-
At March 31, 2015	12	12
Charge for the year	16	16
Disposals	-	-
At March 31, 2016	28	28
Net Block		
At March 31, 2015	57	57
At March 31, 2016	59	59

15. Long Term Loans & Advances (Unsecured, considered Good)

	As at March 31, 2016	As at March 31, 2015
Capital Advances	39	131
Deposits	59	13
Prepaid expenses	6	8
Balances with statutory / government authorities	284	78
Advance income-tax, net of provision	355	399
MAT Credit entitlement	680	513
	1,423	1,142

16. Other Non Current assets

	As at March 31, 2016	As at March 31, 2015
Unamortized premium on foreign exchange forward / option contracts	818	1,131
	818	1,131

17. Current investments - [valued at lower of cost and fair market value, unless stated otherwise]

	As at March 31, 2016	As at March 31, 2015
Investments In Mutual Funds (unquoted, fully paid up) (Non trade)		
40,637 units (March 31, 2015: Nil) of ₹1,001 each in	41	-
Baroda Pioneer Liquid Fund - Plan A Daily Dividend		
200,433 units (March 31, 2015: Nil) of ₹1,000 each in	201	-
Axis Liquid Fund - Daily Dividend		
252,021 units (March 31, 2015: Nil) of ₹1,002 each in	253	-
UTI-Treasury Advantage Fund - Daily Dividend Reinvestment		
80,487 units (March 31, 2015: Nil) of ₹1,003 each in	81	-
SBI Premier Liquid Fund - Regular Plan - Daily Dividend		
5,016,970 units (March 31, 2015: 2,521,502 units) of ₹100 each in	503	253
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan		
Nil units (March 31, 2015: 93,857 units) of ₹100 each in	-	9
Birla Sun Life Cash Plus - Daily Dividend- Direct Plan		
Nil units (March 31, 2015: 748,871 units) of ₹100 each in	-	75
Birla Sun Life Cash Plus - Daily Dividend		
13,003,654 units (March 31, 2015: Nil) of ₹10 each in	130	-
ICICI FMP Series 78 - 95 D Plan K Dividend		
4,689,806 units (March 31, 2015: 2,391,423 Units) of ₹106 each in	496	253
ICICI Prudential Flexible Income - Regular Plan - Daily Dividend.		
Nil units (March 31, 2015: 699,774 units) of ₹100 each in	-	70
ICICI Prudential Liquid - Daily Dividend		
Nil units (March 31, 2015: 4,033,108 units) of ₹10 each in	-	40
JP Morgan Liquid Fund - Daily Dividend		
Nil units (March 31, 2015: 82,653 units) of ₹1115 each in	-	92
TATA Liquid Fund Plan A - Daily Dividend		
Nil units (March 31, 2015: 125,068 units) of ₹1003 each in	-	126
TATA Floater Fund Plan A - Daily Dividend		
Nil units (March 31, 2015: 1,013,825 units) of ₹10 each in	-	10
HDFC Liquid Fund - Direct Plan -Daily Dividend		
Nil units (March 31, 2015: 266,017 units) of ₹10 each in	-	3
HDFC Liquid Fund - Regular Plan -Daily Dividend		
171,988 units (March 31, 2015: Nil) of ₹1,020 each in	175	-
HDFC liquid fund - Daily Dividend Reinvestment		
49,241,163 units (March 31, 2015: 14,034,587 units) of ₹10 each in HDFC Floating	496	142
Rate Income Fund -Short Term -Whole Sale Plan - Dividend Reinvestment		
Nil units (March 31, 2015: 18,308 units) of ₹1223 each in	-	22
Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend		

17. Current investments - [valued at lower of cost and fair market value, unless stated otherwise] *(contd.)*

	As at March 31, 2016	As at March 31, 2015
Nil units (March 31, 2015: 99,734 units) of ₹1223 each in	-	122
Kotak Liquid Fund Plan A - Regular Plan - Daily Dividend		
151,044 units (March 31, 2015: Nil) of ₹1,004 each in	152	-
Reliance Money Manager Fund - Daily Dividend Plan		
154,108 units (March 31, 2015: 125,892 units) of ₹1,529 each in	236	193
Reliance Liquid Fund - Regular Plan - Daily Dividend		
Nil units (March 31, 2015: 45,147 units) of ₹1114 each in	-	50
Reliance Liquid Fund - Cash Plan - Daily Dividend		
Aggregate amount of unquoted investments	2,764	1,460

18. Inventories (valued at lower of cost and net realisable value)

	As at March 31, 2016	As at March 31, 2015
Chemicals, reagents and consumables	188	239
Work-in-progress	142	119
Finished goods	47	26
	377	384

19. Trade Receivables (unsecured)

	As at March 31, 2016	As at March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	14	32
Doubtful	14	5
	28	37
Less: Provision for doubtful receivables	14	5
	14	32
Other receivables, considered good	1,838	1,767
	1,852	1,799

20. Cash and bank balances

	As at March 31, 2016	As at March 31, 2015
Cash and Cash equivalents		
Balances with banks:		
on current accounts [refer note (a) below]	3,873	1,157
Other bank balances		
Deposits with original maturity for more than 3 months but less than/equal to 12 months	3,326	-
	7,199	1,157

a. includes ₹3,318 (March 31, 2015 - ₹ Nil) held in Nostro accounts by banks on behalf of the Company.

21. Short term Loans and advances (unsecured, considered good)

	As at March 31, 2016	As at March 31, 2015
Advances recoverable in cash or in kind or for value to be received	101	55
Prepaid expenses	68	49
Balances with statutory / government authorities	150	234
	319	338

22. Other current assets

	As at March 31, 2016	As at March 31, 2015
Unbilled revenues	345	189
Unamortized premium on foreign exchange forward / Option contracts	628	531
	973	720

23. Revenue from operations

	Year ended March 31, 2016	Year ended March 31, 2015
Sale of Services		
Contract research and manufacturing services income	10,856	8,427
Other operating revenues		
Scrap sales	22	15
Other operating income [see note 13(b)]	192	157
	11,070	8,599

24. Other income

	Year ended March 31, 2016	Year ended March 31, 2015
Dividend income on current investments (non trade)	59	99
Interest income on bank deposits	1	-
Miscellaneous Income	1	18
	61	**117**

25. Cost of chemicals, reagents and consumables consumed

	Year ended March 31, 2016	Year ended March 31, 2015
Inventory at the beginning of the year	239	107
Add : Purchases	3,097	2,625
	3,336	2,732
Less: Inventory at the end of the year	188	239
	3,148	2,493

Also refer note 32(a)

26. (Increase)/decrease in inventories

	Year ended March 31, 2016	Year ended March 31, 2015
Inventories at the beginning of the year:		
Work-in-progress	119	42
Finished Goods	26	-
	145	**42**
Inventories at the end of the year:		
Work-in-progress	142	119
Finished Goods	47	26
	189	145
	(44)	(103)

27. Employee benefits expense

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, wages and bonus	2,168	1,774
Contribution to provident fund and other funds	93	81
Gratuity expenses (refer note 31)	49	29
Employee stock compensation expense (refer note 37)	86	60
Staff welfare expenses	107	75
	2,503	2,019

28. Other expenses

	Year ended March 31, 2016	Year ended March 31, 2015
Rent	59	49
Communication expenses	12	11
Travelling and conveyance	118	108
Professional charges	200	131
Directors' fees	13	13
Payments to auditors [refer note (a) below]	5	5
Power and fuel	312	275
Facility Charges	105	104
Insurance	25	22
Rates and taxes	10	26
Repairs and maintenance		
Plant and machinery	167	131
Buildings	53	36
Others	75	47
Selling expenses		
Freight outwards and clearing charges	20	18
Sales promotion expenses	22	14
Commission	6	6
Foreign Exchange difference (net)	398	160
Provision for doubtful receivables	9	2
Printing and stationery	23	8
Clinical trial expenses	80	66
Contributions towards CSR (refer note 39)	31	22
Miscellaneous expenses	151	125
	1,894	1,379
Less: Expenses capitalised to fixed assets (refer note 38)	(9)	-
	1,885	1,379
(a) Payments to auditors:		
As an auditor:		
Audit fee	2.4	2.6
Tax audit fee	0.5	0.5
Limited review	0.7	-
In other capacity:		
Audit/Limited review fee in relation to IPO	6.0	-
Other services (certification fees)	0.6	0.3
Reimbursement of expenses	0.4	1.2
Reimbursement of expenses in relation to IPO	0.7	-
Less: Reimbursed by Biocon Limited [Refer note 30]	(6.7)	-
	4.6	4.6

29. Finance Costs

	Year ended March 31, 2016	Year ended March 31, 2015
Interest expense	18	11
Bank charges	4	3
Exchange difference to the extent considered as an adjustment to borrowing cost	106	65
	128	79
Less: Expenses capitalised to fixed assets (refer note 38)	(44)	-
	84	79

30. Related party transactions

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

Sl No	Name of the related party	Relationship	Description	Year ended March 31, 2016 Expenses / (Income) / Other transactions	Balance as at March 31, 2016 Payable / (Receivable)	Year ended March 31, 2015 Expenses / (Income) / Other transactions	Balance as at March 31, 2015 Payable / (Receivable)
(a)	Biocon Limited	Holding Company	Rent expense	50	-	43	-
			Power and facility charges [Note (ii)]	419	-	382	-
			Purchase of goods	4	-	5	-
			Other expenses	93	-	51	-
			Trade payable	-	106	-	136
			Advance from Customers	-	4	-	17
			Deferred rent liability	-	15	-	14
			Rent deposit paid	-	(20)	-	(2)
			Sale of services	(107)	(29)	(99)	(28)
			Recovery of expenses incurred towards IPO	(45)	-	-	-
			Interim dividend	145	-	997	-
			Issue of Bonus shares 145,469,080 equity shares of ₹10/- each	-	-	1,455	-
(b)	Biocon Research Limited	Subsidiary of Biocon Limited	Sale of services	(116)	(30)	(89)	(20)
			Advance from Customers	-	6	-	9
			Interim dividend	2	-	88	-
			Issue of equity shares 1,971,060 equity shares of ₹5/- each	-	-	1,334	-
			Issue of Bonus shares 1,604,696 equity shares of ₹10/- each	-	-	16	-
(c)	Biocon SA	Subsidiary of Biocon Limited	Sale of services	(34)	(35)	(14)	(10)
(d)	Syngene Employee Welfare Trust	ESOP Trust	Loan Recovery / (granted) (refer note 37)	22	(88)	40	(110)
			Interim dividend	6	-	40	-
			Issue of Bonus shares 5,742,500 equity shares of ₹10/- each	-	-	57	-
(e)	Biocon Foundation	Trust #	Contribution towards CSR	31	-	22	-

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

Sl No	Name of the related party	Relationship	Description	Year ended March 31, 2016 Expenses / (Income) / Other transactions	Balance as at March 31, 2016 Payable / (Receivable)	Year ended March 31, 2015 Expenses / (Income) / Other transactions	Balance as at March 31, 2015 Payable / (Receivable)
(f)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(1)	- *	(1)	-*
(g)	Remuneration to key managerial personnel						
	Peter Bains (refer note (iv) and (vi) below)	Director and Chief Executive Officer	Salary and perquisites	44	20	4	4
	Jonathan Hunt (refer note (v) and (vi) below)	Chief Executive Officer	Salary and perquisites	8	-	-	-
			ESOP Cost	12	-	-	-
	M.B. Chinappa (refer note (vi) below)	Chief Financial officer	Salary and perquisites	26	-	26	-
			ESOP Cost	7	-	9	-
	Mayank Verma (refer note (vi) below)	Company Secretary	Salary and perquisites	2	-	2	-
			ESOP Cost	-*	-	-*	-

* Less than ₹1 million.

Trust in which Kiran Mazumdar Shaw is a Trustee.

(i) Biocon Limited has given corporate guarantees of ₹148 (March 31, 2015 - ₹242) to the Customs and Excise Department ('CED') on behalf of the Company and the Company has furnished a corporate guarantee of ₹500 (March 31, 2015 - ₹500) on behalf of Biocon to the CED.

(ii) Effective from October 1, 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of ₹105 (Year ended March 31, 2015 - ₹104) and power charges (including other charges) of ₹314 (Year ended March 31, 2015 - ₹278) have been charged by Biocon Limited for the year ended March 31, 2016.

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

(iv) Peter Bains has been appointed as Director and Chief Executive Officer in the Meeting of Board of Directors dated January 21, 2015 and approved by the shareholders on February 12, 2015. The appointment is effective for the period February 2, 2015 to March 31, 2016.

(v) Jonathan Hunt has been appointed as Chief Executive Officer - designate effective January 4, 2016 and has assumed full responsibility as Chief Executive Officer effective April 1, 2016.

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

(vii) The above disclosures include related parties as per Accounting Standard 18 on "Related Party Disclosures" and Companies Act, 2013.

31. Employee Benefit Plans

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

A Summary of the gratuity plan is as follows:

	Year ended March 31, 2016	Year ended March 31, 2015
Fund balance		
Defined benefit obligation	183	140
Fair value of plan assets	2	(8)
Plan Liability	**181**	**132**
The change in present value of the defined benefit obligation and funded status of the gratuity plan for the year ended March 31, 2016 and the year ended March 31, 2015 is as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	140	106
Benefit obligation pursuant to merger (refer note 1.1)	-	7
Current Service cost	19	17
Interest cost	11	9
Benefits paid	(6)	(3)
Actuarial (gain) / loss on obligation	19	4
Defined benefit obligation at the end of the year	**183**	**140**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	8	9
Fair value of plan assets pursuant to merger (refer note 1.1)	-	1
Expected return on plan assets	1	1
Actuarial gain / (loss)	(1)	-
Actual contribution	-	-
Benefits paid	(6)	(3)
Fair value of plan assets at end of year	**2**	**8**
The Company expects to contribute ₹ Nil to Gratuity Fund in next 12 months (March 31, 2015 - ₹ Nil)		
Net gratuity cost for the year are as follows:		
Components of net benefit cost		
Current Service cost	19	17
Interest cost	11	9
Expected return on plan assets	(1)	(1)
Net actuarial (gain) / loss recognised during the year	20	4
Net gratuity cost	**49**	**29**
Actual return on plan assets	1	1

Experience adjustment

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	183	140	106	72	53
Plan assets	2	8	9	11	14
Surplus/(Deficit)	(181)	(132)	(97)	(61)	(39)
Experience adjustments on plan liabilities gain/(loss)	(15)	(7)	(8)	4	(9)
Experience adjustments on plan assets gain/(loss)	-	-	-	-	-

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

	March 31, 2016	March 31, 2015
Discount rate	7.5%	7.9%
Expected return on plan assets	7.5%	7.9%
Salary increase	9.0%	9.0%
Attrition rate upto age 44	26.0%	26.0%
Attrition rate above age 44	7.0%	7.0%

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

32. Supplementary profit and loss data

a. Consumption of chemicals, reagents and consumables*

	Year ended March 31, 2016		Year ended March 31, 2015	
	Percent	Amount	Percent	Amount
Imported	45	1,429	44	1,102
Indigenous	55	1,719	56	1,391
		3,148		2,493

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

b . Value of imports on CIF basis

	March 31, 2016	March 31, 2015
Chemicals, reagents and consumables	1,369	1,195
Capital goods	1,027	943
	2,396	2,138

c. Expenditure in foreign currency (on accrual basis)

	March 31, 2016	March 31, 2015
Professional Charges	119	57
Repairs & Maintenance	70	104
Travel	5	11
Interest expense	13	11
Others	105	86
	312	269

d. Earnings in foreign exchange

	March 31, 2016	March 31, 2015
Contract research and manufacturing services	10,388	8,014
Other operating income	191	154
	10,579	8,168

e. Net dividend remitted in foreign exchange

Year to which it relates	2015 - 16	2014 - 15
Number of non-resident shareholders	5	-
Number of equity shares held on which dividend was due	125,000	Not Applicable
Dividend remitted	0.1	-
Dividend remitted in foreign currency :		
In USD absolute value	746	-
In GBP absolute value	789	-

33. Capital and other commitments

	March 31, 2016	March 31, 2015
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	677	1,412
(b) Operating lease commitments		
(i) Rent		
The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2022.		
Gross rental expenses for the year aggregate to ₹59 (March 31, 2015 - ₹49). Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	59	49
Later than one year and not later than five years	196	181
Later than five years	51	85
(ii) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto 2020.		
Gross rental expenses for the year aggregate to ₹2 (March 31, 2015 - ₹2). Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	3	1
Later than one year and not later than five years	6	2
Later than five years	-	-

34. Derivative Instruments

The Company has entered into foreign exchange forward contracts and option contracts to hedge highly probable forecasted transactions in foreign currency. As at March 31, 2016 and March 31, 2015, the Company has the following outstanding contracts (in million):

	March 31, 2016	March 31, 2015
In respect of highly probable forecasted sales / collections (in million):		
Foreign exchange forward contracts with periodical maturity dates upto January 2017	USD 9	USD 12
	(₹616)	(₹762)
European style option contracts with periodical maturity dates upto January 2020	USD 327	USD 341
	(₹21,678)	(₹21,223)
Unhedged foreign currency exposure as at the balance sheet date is as given below (₹)		
Balances with banks - In Current Account	479	1,143
Receivables (including unbilled revenue and advances recoverable)	2,154	1,971
Trade payables and payable for capital goods	177	203
Advance from Customers	2,345	2,130
Secured Loans	8,910	186
Unsecured Loans	-	1,364

35. Contingent liabilities

			March 31, 2016	March 31, 2015
(a)	(i)	The Company has given corporate guarantees in favour of the Customs and Excise department ('CED') in respect of certain performance obligations of Biocon aggregating to ₹500 (March 31, 2015 - ₹500).The necessary terms and conditions have been complied with and no liability has arisen till date. Biocon has given corporate guarantees of ₹148 (March 31, 2015 - ₹242) to the Customs and Excise department ('CED') on behalf of the Company.		
	(ii)	Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	29	1
(b)	Litigations			
	(i)	Taxation matters under dispute	1,586	1,045
		Income tax demand from the tax authorities for payment of tax based on assessment orders issued. The tax demand is mainly on account of denial of relief under section 10B of the Income-tax Act, 1961 and denial of relief under section 10AA of the Income-tax Act, 1961. The matter is disputed and pending conclusion of appeals at various levels being disputed by Company and tax authorities.		
		The Company is contesting the demands and the management is confident that its position will be upheld in the appellate process. Accordingly, no tax expense has been accrued in the financial statements for the demand raised.		
	(ii)	Service Tax matters	72	57
	(iii)	VAT matters under appeal	2	1

36. Segmental Information

Business segments

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

Geographical segments

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

	Year ended March 31, 2016	Year ended March 31, 2015
Contract research and manufacturing services income		
India	468	413
Outside India	10,388	8,014
Total	**10,856**	**8,427**

	As at March 31, 2016	As at March 31, 2015
Carrying amount of segment assets		
India	21,751	12,244
Outside India	2,144	1,971
Total	**23,895**	**14,215**

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

37. Employee Stock Incentive Plan

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

(b) Syngene ESOP Plan:

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company and subsidiary company. The Board of Directors has approved the employee stock option plan of the Company. On October 31, 2012 the Trust subscribed 1,875,000 equity shares (Face Value of ₹5 per share) of the Company using the proceeds from interest free loan of ₹150 obtained from the Company. The loan granted and receivable from the Trust has been adjusted in the shareholders' funds as per the Guidance Note on Accounting for Employee Share- based Payments issued by Institute of Chartered Accountants of India. Also refer note 3 and 4 above. As at March 31, 2016, the Trust holds 5,919,219 (March 31, 2015 - 6,680,000) equity shares of face value : ₹10/- each, adjusted for the consolidation of shares and bonus issue. During the year ended March 31, 2016, the Trust transferred 760,781 (March 31, 2015 - Nil) 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 grades of the employees. These options are exercisable at an exercise price of ₹80/- per share (Face Value of ₹5 per share).

Details of Grant

Grant I	March 31, 2016		March 31, 2015	
	No. of options	WAEP * (In ₹)	No. of options	WAEP * (In ₹)
Outstanding at the beginning of the year	5,057,100	22.5	1,580,340	80
Granted during the year	930,583	22.5	59,700	80
Forfeited during the year	284,067	22.5	220,540	80
Exercised during the year	760,781	22.5	-	-
Outstanding at the end of the year	4,942,835	22.5	1,419,500	80
Decrease in Number of options as a result of consolidation of shares [refer note 3(c)(ii)]	-	-	(709,750)	-
Increase in Number of options as a result of Bonus issue [refer note 3(k)]	-	-	4,347,350	-
Outstanding at the end of the year as adjusted	4,942,835	22.5	5,057,100	22.5 #
Exercisable at the end of the year	434,494	22.5	-	-
Weighted average fair market value of shares granted during the year (In ₹)		393.6		140 #
Weighted average share price at the date of exercise during the year (In ₹)		367.2		-

The weighted average fair value of the Company's options granted during the year ended March 31, 2016 is ₹372 [March 31, 2015 ₹125 # - ₹128 #] face value of ₹10/- each per option, under Black Scholes Model. The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 2.96 years [March 31, 2015 - 4.69 years].

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

Particulars	March 31, 2016	March 31, 2015
Dividend yield (%)	0.3%	-
Exercise Price (In ₹)	22.5#	22.5#
Volatility	29.1%	50.4 % - 53.3 %
Life of the options granted (vesting and exercise period)	5.69	6.15
Average risk-free interest rate	7.48%	8.57 % - 8.59 %

* Weighted Average Exercise Price

Adjusted for matters discussed in note 3(c)(ii) & 3(k)

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

Particulars	March 31, 2016	March 31, 2015
Profit for the year	2,212	1,750
Add: Employee stock compensation under intrinsic value	86	60
Less: Employee stock compensation under fair value	95	85
Proforma Profit for the year	2,203	1,725
Earnings per equity share - Basic [See note 41 below]		
- As reported (in ₹)	11.40	9.20
- Proforma (in ₹)	11.35	9.07
Earnings per equity share - Diluted [See note 41 below]		
- As reported (in ₹)	11.06	8.89
- Proforma (in ₹)	11.01	8.76

38. During the year, the Company has capitalised the following expenses to the cost of fixed asset/ capital work in progress (CWIP).

	March 31, 2016	March 31, 2015
(A) Other Expenses		
Rent	5	-
Power and fuel	4	-
Sub-Total (A)	9	-
(B) Finance Costs		
Interest expense	5	-
Exchange difference to the extent considered as an adjustment to borrowing cost	39	-
Sub-Total (B)	44	-
(C) Foreign Exchange difference on long-term foreign currency monetary items	(21)	-
Total (D = A+B+C)	32	-

39. 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.

Particulars	March 31, 2016	March 31, 2015
(a) Gross amount required to be spent by the company during the year	31	22
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	31	22
(c) Amount unspent during the year (yet to be paid)	-	-

40. The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2016 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated and effective March 30, 2016. The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Hence, the Company has not applied the Companies (Accounting Standards) Rules, 2016 in preparation of the financial results for the year ended March 31, 2016.

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

	March 31, 2016 (In Nos.)	March 31, 2015 (In Nos.)
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	194,080,781	190,164,803
Add: Diluted number of Equity Shares		
Equity shares outstanding with ESOP Trust	5,919,219	6,680,000
Weighted average number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	200,000,000	196,844,803

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

Accordingly, the Company has made an application for Compounding of offences with the ROC. Based on the legal advice received, the Company is confident that the penalty, if any, levied by the ROC, will not be material to the financial statements and hence no provision for penalty has been made in the financial statements for year ended March 31, 2016 and March 31, 2015.

43. 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

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W
Chartered Accountants

per **Aditya Vikram Bhauwala**
Partner
Membership No: 208382

Place: Bengaluru
Date : 26 April 2016

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

Kiran Mazumdar Shaw
Managing Director
DIN: 347229

JMM Shaw
Director
DIN: 347250

Jonathan Hunt
Chief Executive Officer

M.B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

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