Biocon

DRIVING INNOVATION

Delivering Affordability

2009
ANNUAL REPORT

DRIVING INNOVATION

Delivering Affordability

The global economic crisis is far from over. Although businesses, large and small, are beginning to demonstrate greater fiscal prudence and implement tighter regulatory controls, the cycle of wealth creation is yet to be re-engaged. History will record this time for the collapse of conventional business models and linear approaches to growth. But perhaps more significantly, it will throw the spotlight on those companies that recognize and embrace the transformative power of innovation.

Over the last decade, Biocon has persisted along the high road to innovation. While pharma and biotech industries were grappling with methods to stem the exorbitant cost of drug development, Biocon had initiated an innovation strategy rooted in affordability. We were already employing low cost but high value resources and creatively thinking of new ways to deliver more from less, when the slowdown set in.

Owing to business foresight, Biocon is today in a position to advance affordable innovation, despite the current risk-averse business environment. Our ability to keep course in turbulent markets is supported by our investment in a prudent and well balanced innovation matrix. Biocon's innovation model strongly leverages the India advantage to mitigate the high risk of experimental science and deliver steady returns through incremental innovation. We draw on India's superior talent pool and low cost base to build on core competencies, explore adjacencies and manufacture therapeutics at a cost more patients can afford.

What good is affordable medicine if patients have little access to it? Biocon is located in a country that has the highest number of diabetics in the world. With cases of cancer and other debilitating diseases on the rise, there exists a desperate need to reach life-saving therapies to more people. Here is where Biocon's affordability platform can induce a trigger effect. With lower priced drugs in the market, the cost of medical insurance can be driven down, thereby making healthcare coverage affordable and accessible to more. Another factor in Biocon's favour is the rising affordability index of India's 800 million-strong middle class. With prosperity comes demand for improved health-care. Biocon's innovation-led strategy focuses on delivering better healthcare solutions to meet the growing expectations and medical requirements of India's patient population.

In good times, there is a tendency to over-extend the innovation spend. In bad, it is imperative to keep the innovation engine revving. Companies that step up with creativity and courage through stormy weather are often those that come out ahead when the tide turns. We are confident that Biocon is one such company. With a tightly focused innovation strategy and a well validated affordability platform, Biocon is capable of sustaining growth in challenging times and accelerating profitability when prosperity returns.


Cyclosporine Capsules

The Global Healthcare Crisis

The West cannot sustain the current cost of innovation. National and private insurance organizations are not willing to reimburse high priced new drugs anymore, unless there is a clear cost:benefit ratio. In the generics space, drug manufacturing is already moving to India and China as western manufacturers are unable to remain competitive. Clinical trials too are rapidly shifting in the same direction because developed nations do not have adequate patient population to carry out meaningful clinical investigations.

India Focus

This is the decade of the East. India especially, with its English speaking scientific resource base and low cost manufacturing is advantageously positioned to move up the drug value chain from imitation to innovation. Over the years, India has successfully pursued a low risk, low margin generics strategy. Today, with a combination of governmental incentives, cost effective manufacturing and a burgeoning domestic market, the Indian pharma and biotech industry is well prepared to take the next big leap towards high risk, high reward innovation.

Incentives

The Indian Government has played a key role in supporting various sectors that are challenged with inherent risk; the biotechnology sector being a front runner in this category. Through innovative incentives and funding models such as BIPP (Biotechnology Industry Partnership Program), SBIRI (Small Business Innovation Research Initiative), NMITLI (New Millennium Innovation Technology Leadership Initiative) and BIRAP (Biotechnology Industry Research Assistance Program), the Government has provided a springboard for Indian biotechnology to move up the value chain. Given our cost base, risk and failure are now affordable therefore providing Indian biotech with an edge in cost competitive innovation.

The Burgeoning Indian Market

India will soon be a Top 10 global pharma market with enormous demand for drugs, diagnostics and vaccines. Already known as the world's diabetic capital with a forecast of 70 million diabetics by 2020, other diseases like cancer, autoimmune and infectious illnesses will provide significant market opportunities for both generics and new drugs catering to unmet needs in all these segments.

The mushrooming of hospitals all over India has also stimulated a clinical development culture conducive to new drug development. MNCs are already leveraging India's investigators and investigation sites to augment there own drug development programs.

It is envisaged that by 2025, India will have approximately 800 million people in the middle to high income group who will drive up the affordability index. Insurance will also play a key role in providing this section of our population access and ability to afford generic and new drugs for large unmet medical needs in cancer, diabetes, autoimmune and other chronic diseases.

Biocon products are available in over 1,50,000 pharmacies across India.

"When you ask people to do more with less, you make them think creatively. Shrinking budgets and diminishing revenues often force research professionals to think out-of-the-box and innovate."

Chetana Basavaraj, Laboratory Director - Central Lab, Clinigene

Advantage Biocon

We have on our team the best scientific talent India has to offer. Spread over 90 acres, Biocon has established the largest biotech park in the Asia-Pacific region housing world class, state-of-the-art infrastructure and facilities. In the areas of contract research and clinical services, we partner pharma and biotech majors providing them cost competitiveness and high value research and development. Further along the drug value chain, our capabilities in low cost manufacturing continue to give us a competitive edge. By leveraging the inherent India cost arbitrage we are able to push an innovation strategy that delivers affordability.

People Advantage

We have 3,500 of India's finest and sharpest minds working together at Biocon. Our innovation culture focuses on internal teamwork, synergistic collaborations with our business partners and an active global peer network to draw inspiration from. Keeping our people motivated and sustaining a creative work ethos is a crucial element of our long term strategy.

Service Advantage

India is today shifting its role as the world's back office to that of an innovation epicenter. Leading the foray into partnered services for high value innovation in India is Syngene, our Contract Service Company and Clinigene, our Clinical Research Organization.

Syngene has developed world class infrastructure and expertise to offer a spectrum of services on an integrated discovery platform. Clinigene too has acquired expertise in conducting human pharmacological studies and clinical trials for key players in the global biopharmaceutical industry. Both Syngene and Clinigene are positioned to leverage outsourcing opportunities created by drastic cuts in R&D spends and escalating operational costs. As clinical trials increasingly shift to India, Clinigene is well prepared to offer its services. Likewise, Syngene's model partnership with Bristol- Myers Squibb has set the stage for similar collaborations with its other large clients.

Manufacturing & Research Infrastructure Advantage

Biocon has incrementally invested in manufacturing and research infrastructure to meet escalating global demand for generics and biopharmaceutical products. Our strength has been the rapid conceptualization, execution and commissioning of custom research laboratories, and diverse/flexible large scale manufacturing facilities in support of our own programs and those of our international partnerships. The US$ 200 million Special Economic Zone (SEZ), Biocon Park – Asia-Pacific's largest integrated biotech hub symbolizes the coming of age of India's biotech industry and its transition into high value innovation.

Biocon's team of 3500 co-workers is focused on delivering innovative healthcare solutions that are accessible and affordable to patients all over the world.

Incremental Innovation is about improving on existing innovation where lowering the cost is generally the driver.

Insulin Glargine

Biocon's Insulin Glargine represents a significant advancement in effective, cost-competitive diabetes therapy. Using a novel *pichia* technology, Biocon has leveraged its expertise in biological manufacturing to make Insulin Glargine affordable and accessible to patients all over India.

Approved for use in patients with type I and type II diabetes mellitus by US FDA and EMEA since 2000, Biocon has successfully completed the development of Insulin Glargine, brand name BASALOG™.

BASALOG™ is a long-acting biosynthetic human insulin analog. Clinical trials of BASALOG™ have been conducted in diabetic patients at 15 different centers all over India. The data from these investigations was accorded marketing approval by the Indian regulatory authority (DCGI). BASALOG™ is now available at pharmacies across India.

Biocon's Innovation Matrix

Evolutionary Innovation is about leveraging known innovation to the next level by using existing, well-validated knowledge to create an improved, novel product.

BVX-20

Biocon is in the process of developing BVX-20 which targets CD20 receptors on B cells, as a next generation monoclonal antibody therapy for the treatment of non-Hodgkin's lymphoma (NHL) and B cell chronic lymphocytic leukemia (BCLL).

BVX-20 is a novel humanized MAb which is expected to provide an improved safety and efficacy profile. Pre-clinical studies in animal models have shown very encouraging results. Taking investigations further, first in-human phase I clinical trials will be initiated in 2010. By developing this therapy on an affordability platform, Biocon is rapidly moving towards bringing to market an improved novel product for a well validated therapeutic target.

Experimental Innovation is about exploring an emerging field to create a new class of product that delivers significantly enhanced value.

T1h

Addressing unmet medical needs in the autoimmune disease segment, Biocon is presently developing a humanized monoclonal antibody (MAb) which targets CD6, a cell surface protein predominantly expressed on human T cells, a natural target for immunomodulation.

Two ongoing clinical trials being conducted by Biocon in psoriasis and rheumatoid arthritis patients have clearly established the role of CD6 and the ability of T1h to target CD6 and significantly improve disease symptoms. With T1h, Biocon will have successfully entered an unexplored territory of science to create a novel yet affordable product that will effectively modulate the immune system and provide long term relief to patients suffering from these chronic diseases.

Biocon has systematically developed an innovation strategy that leverages the India Advantage to develop a robust pipeline of affordable therapies. This pragmatic R&D matrix balances low risk incremental and evolutionary innovation with high risk, high yielding experimental and breakthrough innovation.

In the current market circumstance, our four-dimensional innovation strategy enables us to pursue extremely challenging areas of innovation supported by growing market leadership in known spheres of services and diagnostics, vaccines and therapeutics.

Breakthrough Innovation is about creating radically new technologies and novel products that are derived from experimental innovation where inventions and discoveries are the drivers.

IN 105 (Oral Insulin)

Biocon's Oral Insulin IN 105 is a first-class, anti-diabetic drug that has the potential to alter treatment paradigms, truly exemplifying breakthrough innovation.

IN 105 has completed early phases of clinical development and received approval to conduct phase III clinical trials in India. Upon completion of these critical trials, Biocon is well prepared to take this advanced drug to patients. The Oral Insulin program is expected to revolutionize diabetes therapy.

"Innovation holds the key to leadership and profitability. It empowers us with the flexibility to respond to changing situations and creates competitive advantage through proactive processes and products. In todays challenging environment, innovation alone can help us deliver value added growth."

Chairman's Review

Dear Shareholders,

2009 is a special year as it heralds the advent of our fourth decade as a biotechnology pioneer and our second as a bio-pharmaceutical front runner. However, for world markets, it has been a year of tremendous upheaval, change and challenge.

The global economic downturn has impacted corporate earnings in an unprecedented manner over the last fiscal. This has been further compounded by foreign currency volatility followed by a surging US Dollar which has led to export driven companies suffering large losses on account of foreign ex-change hedging. Biocon's financial performance has been challenged with all these factors resulting in a sharp decline in post tax profits but redeemed by operating profits and margins that were sustained across Biocon and its subsidiary companies. Fiscal 2008-09 will go down as a year of learning and reckoning. This is the time to strongly leverage India's affordability advantage and move up the value chain. Now more than ever, the most robust way to grow businesses and sustain a competitive edge is through innovation.

I believe innovation empowers us with the flexibility to respond to changing situations and provides market leadership through proactive processes and products. Thus, in today's challenging environment, Biocon is developing new ways of delivering high value at low cost. Our partnered services are innovating and augmenting their talent pool to build specialized skills that can deliver higher value services in a cost-effective manner. As imitation of products leads to commoditization and diminishing returns, innovation holds the key to leadership and profitability.

The Innovation Matrix: A Strategic Framework

To navigate the challenges of innovation in the next decade we have adopted a well-defined strategic framework that will transform scientific discoveries into advances in human healthcare and generate incremental value for our shareholders.

Our Innovation Matrix is a four-dimensional endeavour which extends into the realms of the known and the unknown. Creativity in the known realm builds on existing knowledge and can result in two types of innovation: INCREMENTAL and EVOLUTIONARY. Creativity that challenges unknown boundaries and creates new knowledge is EXPERIMENTAL and TRANSFORMATIONAL in its impact. A portfolio that covers all four spheres enables Biocon to sustain innovation in the short, medium and long term.

Our biosimilar insulin, an outcome of incremental innovation, is one of the world's most affordable therapies for insulin dependent diabetes. Bio-generic monoclonal antibodies are forming the core of our evolutionary innovation strategy. In the more challenging area of experimental innovation, Biocon is at the cutting edge. We are developing conjugated anti-bodies with a US Biotech start-up, IATRICa, to potentially deliver therapeutic cancer vaccines. We are also pursuing a path of breakthrough innovation through phase III human clinical trials to develop the world's first Oral Insulin. Biocon is thus rapidly moving towards commercializing novel biologics with a "Made in India" label.

2009

Revenues increased by 53%

Research Services delivered 28% sales growth

Syngene

Over the last 14 years Syngene has grown from strength to strength harnessing capabilities and expertise across multiple research areas to become India's leading provider of drug discovery services. Today, Syngene offers an 'integrated discovery platform' that opens up avenues for collaborative integrated drug development programs and partnerships. Our partnership with Innate to develop type II virulence blockers is in its third year and moving ahead with much success. We have also entered into an alliance with Sapient Discovery to provide a highly integrated platform for structure-based drug discovery. This partnership is crucial at a time when cost reductions and efficiency in the drug discovery process are driving companies to look for suitable outsourcing partners. On another front, we are now alliance partners with DuPont Crop Protection, a logical extension of being a service provider for over six years. Reporting on our significant partnership with Bristol-Myers Squibb, I am happy to announce that the new research and development facility dedicated to advancing BMS's research endeavours in new drug development was formally inaugurated on March 23, 2009.

Clinigene

With India emerging as a credible destination for conducting global clinical trials, Clinigene is poised for dynamic growth. Clinigene has demonstrated scientific expertise and operational excellence in executing the most challenging clinical studies. Our comprehensive database of healthy volunteers and GCP trained investigators drive high volume enrollment in reduced timelines and quality execution of all projects. Clinigene's Clinibase®, a database of investigators and investigation sites, provides speed and efficiency in clinical trials.

Global Recognition & Awards

I am proud to announce that our first innovative drug, BIOMAb EGFR® was voted 'Asia-Pacific Product of the Year 2008' by Bio-Spectrum, a pan-Asian biotech publication. Biocon also received the BioSingapore Asia-Pacific Biotechnology Award for 'The Best Listed Company of 2009'. Confirming our position as an emerging global biotechnology player, Med Ad News ranked Biocon as the 20th leading biotechnology company in the world and the 7th largest global employer in the biotechnology sector.

Increasing Our Global Footprint: AxiCorp & NeoBiocon

It has been a year since the German company, AxiCorp came on board as Biocon's subsidiary. During this short time, the Company has delivered 30% top line growth to Biocon's consolidated numbers. I am pleased to announce that AxiCorp has recently won the German AOK (a leading Public Health Insurer) tender for Metformin, which is an important milestone both in terms of making inroads into the generics market as well as laying the foundation for our diabetes franchise in Germany. Creditably, in 2008, AxiCorp reached the Top 50 position in the German pharmaceutical market and is rated amongst the three fastest growing companies in Germany for Q4/2008.

In October 2008, we took a giant step towards consolidating our presence in GCC markets. Our JV in Abu Dhabi, NeoBiocon launched Abraxane® in the UAE for the treatment of breast cancer. Abraxane® is now available as a single-use 100 mg vial (lyophilized powder, to be reconstituted for intravenous administration).

Clinical Advisory Board

It has been my constant endeavour to strengthen the leadership of our organization by engaging with international experts and consultants. To that end, we have recently constituted a Diabetes Clinical Advisory Board with the appointments of Prof. Alan D. Cherrington – PhD, Professor &

R&D revenue expenditure increased by 27%

Dividend recommended at 60% post bonus issue

Chairman of Molecular Physiology & Biophysics and Professor of Medicine & Diabetes Research Vanderbilt University – Past President of the American Diabetes Association; Dr. G. Alexander Fleming – MD, President and CEO of Kinexum LLC – Member of numerous Scientific Advisory Boards and expert committees; and Dr. Harold E Lebovitz – MD, FACE, Professor of Medicine, Endocrinology and Diabetes Division, State University of New York, Health Science Center, Brooklyn.

It is envisaged that this Advisory Body will enable us to more effectively advance our diabetes pipeline into global, regulated markets such as the US and EU. Our Oral Insulin program is also being developed with the counsel of this Board. We are in the process of setting up similar 'disease domain' specific global advisory boards for oncology and autoimmune diseases.

Corporate Social Responsibility

Biocon recognizes its significant responsibilities towards delivering better healthcare to the under-served communities of India, especially those in Karnataka. One of the most important initiatives undertaken this fiscal is the partnered program with the Government of Karnataka and The Embassy of Ireland to build 800 toilets for individual households in Huskur Gram Panchayat, Anekal. The Micro-Health Insurance initiative under the auspices of Arogya Raksha Yojana continues to increase enrollments and has expanded its network of clinics and hospitals. Biocon Foundation has also partnered the Jain Institute of Vascular Sciences in its Mobile Diabetic Foot Clinic which offers free detection and counseling services to diabetic patients in rural communities.

The People of Biocon

Biocon has exhibited a track record of consistency, performance and responsibility. The people of Biocon know that to continue on this path we must maintain a relentless focus on improvement and operational efficiency. We are committed to acquiring new skills and new knowledge in order to succeed in the years ahead. At its core, this endeavour is designed to unleash the full potential of our rich talent pool and focus on delivering good returns on our investments.

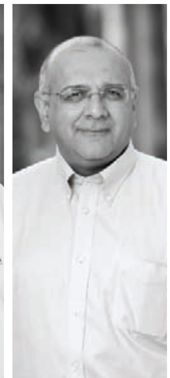
Looking to the Future

Despite the globally challenging environment we operate in, I believe we are beginning to witness the start of a transformational phase for Biocon's various businesses as we strengthen our competitive edge through innovation and differentiation. On the manufacturing front, our innovation efforts are increasingly directed towards delivering the highest quality at the lowest cost. On the services front, Syngene and Clinigene aim to compete by augmenting specialized skills to deliver increasingly higher value services in a cost effective manner. On the research front, we will pursue a strategy that will deliver incremental and transformational innovation in an affordable manner. Underlying these efforts will be an unflinching commitment to operational excellence which is now a prerequisite for global competitiveness.

I want to take this opportunity to thank the People of Biocon for making a difference, both to our Company and those we serve. Thanks to their efforts, our growth has accelerated, our research pipeline has become stronger and we are rapidly progressing along the path to delivering increasing shareholder value.

Yours sincerely,

Kiran Mazumdar-Shaw
May 2009



Board of Directors

Dr. Neville Bain • Chairman, Institute of Directors, UK • Board Member, Scottish & Newcastle Plc., Provexis Ltd. • Former Group CEO, Coats Viyella Plc. • Former Deputy Group Chief Executive and Finance Director, Cadbury Schweppes Plc. • Author of several management books on corporate governance, strategy and people management

Prof. Charles L. Cooney • Professor, Chemical & Biochemical Engineering, MIT, USA • Director, Genzyme Inc. and Bio-Processors Inc. • Recipient of prestigious awards, including Gold Medal of the Institute of Biotechnology Studies and Distinguished Service Award from the American Chemical Society

Dr. Bala S. Manian • Chairman and Founder, Reametrix Inc. • Co-founder, Quantum Dot Corporation and Surromed Corporation, USA • Expert in the design of electro-optical systems • Authored several peer-reviewed scientific publications and holder of many patents • Recognized through numerous awards for contributions as educator, inventor and entrepreneur, including Technical Academy Award in Digital Cinematography by Academy of Motion Pictures, Arts and Sciences

Mr. Suresh Talwar • Partner, Talwar Thakore & Associates • Director, Cadbury India Ltd., Birla Sun Life Insurance Co. Ltd., L&T Ltd. • Area of professional specialization includes corporate law and related fields • Legal counsel to numerous Indian companies, multinational corporations and Indian/foreign banks

Ms. Kiran Mazumdar-Shaw • Chairman & Managing Director, Biocon • First generation entrepreneur with more than 30 years experience in biotechnology and industrial enzymes • Master Brewer, Ballarat University, Australia • Awarded the Padmabhushan, one of India's highest civilian awards for her pioneering efforts in Biotechnology, 2005

Mr. John Shaw • Vice Chairman, Biocon • Served in senior corporate positions at various locations around the world • Chairman, Madura Coats Ltd. between 1991-1998

Prof. Ravi Mazumdar • University Research Chair Professor, Department of Electrical and Computer Engineering, University of Waterloo, Canada • Fellow of the Institute of Electrical and Electronics Engineers (IEEE) and Fellow of the Royal Statistical Society

Prof. Catherine Rosenberg • Alternate Director, Biocon • University Research Chair Professor and Chairman, Department of Electrical and Computer Engineering, University of Waterloo, Canada

Clinical Advisory Board

Prof. Alan D. Cherrington • PhD, Professor & Chairman of Molecular Physiology & Biophysics and Professor of Medicine & Diabetes Research Vanderbilt University • Past President of the American Diabetes Association

Dr. G. Alexander Fleming • MD, President and CEO of Kinexum LLC • Member of numerous Scientific Advisory Boards and expert committees

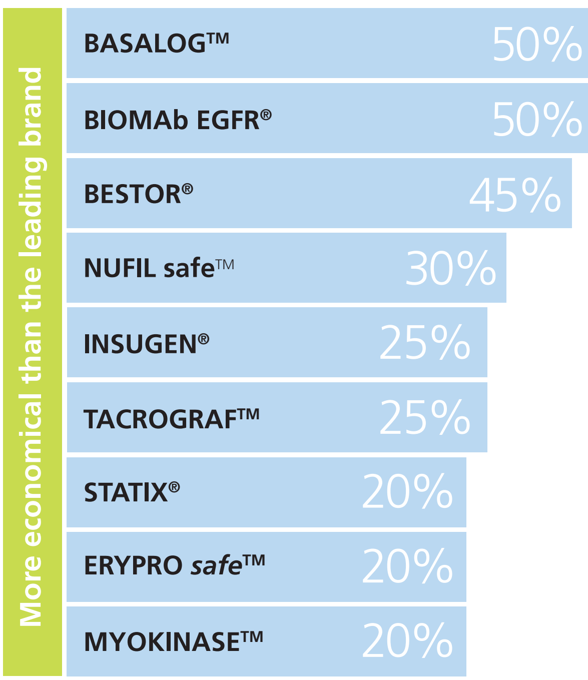
Dr. Harold E Lebovitz • MD, FACE, Professor of Medicine, Endocrinology and Diabetes Division, State University of New York, Health Science Center, Brooklyn

Highlights 2009

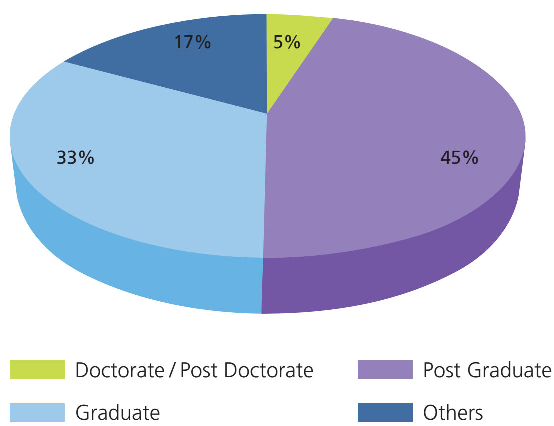
Milestones

- Consolidated revenue (including AxiCorp) increased 53% from Rs. 10,902 million to Rs. 16,732 million
- Consolidated revenue (excluding AxiCorp) increased 10% from Rs. 10,902 million to Rs. 11,937 million
- Consolidated EBITDA (including AxiCorp) grew 16% from Rs. 3,350 million to Rs. 3,872 million
- Operating margins (excluding AxiCorp) maintained at 31% level
- PAT impacted by MTM declined to Rs. 931 million
- R&D revenue expenditure increased by 27% to Rs. 598 million
- Research Services (Syngene + Clinigene) delivered 28% sales growth
- Healthcare sales grew robustly with six key Biocon brands
- Biocon bagged IDMA 'Best Patent of the Year' Award
- BIOMAb EGFR® was voted 'Bio-Spectrum Asia-Pacific Product of the Year', 2008
- Biocon received DCGI marketing approval for Insulin Glargine
- Biocon won BioSingapore Award for 'Best Listed Biotechnology Company in Asia-Pacific', 2009
- Syngene entered into a partnership with Sapient Discovery to expand integrated drug discovery offerings
- Syngene and DuPont Crop Protection forged an alliance
- Biocon Bristol-Myers Squibb Research Center (BBRC) inaugurated
- Patient enrollment commenced for phase III Clinical Trials for IN 105 (Oral Insulin)
- Patient recruitment completed for phase IIb Clinical Trials for T1h for RA & Psoriasis
- NeoBiocon launched Abraxane® in the GCC markets
- Biocon is ranked 7th largest global employer in the Biotechnology sector by Med Ad News
- Biocon is ranked 20th leading Biotechnology Company in the world by Med Ad News
- Biocon launched ERYPRO *safe*™ and NUFIL safe™ pre-filled syringes

Affordability Index of Biocon Products



Our Intellectual Profile



Employee Strength

Company	As on 31.03.2008	As on 31.03.2009
Biocon	1634	1978
BBPL	98	99
Clinigene	132	137
Syngene	907	1240
Grand Total	**2771**	**3454**

Highlights 2009

Marketing

Biocon continues to expand its presence in global markets and increase visibility of its range of pharmaceuticals, among them generics, biosimilars and biologics through aggressive marketing and branding. Our strategic partnerships in developed markets are reaping rich rewards and setting the stage for sustained growth in the coming years.

AxiCorp

Biocon's German subsidiary AxiCorp is successfully taking Biocon's affordable healthcare solutions to the cost-intensive European healthcare market.

Over the last two years, tender contracts with statutory health insurance funds have dominated the German generics business. AxiCorp's generics company 'Axcount' has already closed several regional contracts with major funds. In a landmark achievement in 2009, AxiCorp was selected as the AOK (a leading German public health insurance fund) tender supplier for Metformin in Germany. This exclusive two-year contract covers 25 million insured persons representing 35% of Germany's patient population. This tender will strengthen AxiCorp's growing generics business. Additionally, it will create a base for a diabetes franchise driven by Biocon's bio-generic recombinant Human Insulin and Insulin Glargine in the coming years.

In 2008, AxiCorp reached Top 50 position in the German pharmaceutical market and is amongst the three fastest growing companies in Q4/2008. A strong growth trend since June 2008 increased Company group sales from € 72,1 million in 2007 up to € 89,1 million. The Company's product portfolio now stands at 200 products and the number of employees at the Friedrichsdorf site has grown to 200. Just six years since its inception, AxiCorp was awarded 'most impressive mid-sized German Company of 2008' by The Oskar Patzelt Foundation.

NeoBiocon

Biocon's JV in the United Arab Emirates, NeoBiocon achieved a major milestone with the launch of Abraxane® (Paclitaxel protein-bound particles for injectable suspension) (albumin bound) on October 9, 2008 in the UAE, for the treatment of breast cancer after failure of combination therapy for metastatic disease or relapse within six months of adjuvant chemotherapy.

Abraxane® is currently under registration with the Ministry of Health in other GCC countries. Patients response to the drug has been encouraging with much appreciation expressed for its availability and affordability.

Cardiology

2008-09 was a year of team building and consolidation for Biocon's Cardiology division as Biocon moved up from 91 in 2005, to 39 in 2009 in the cardiology ranking by ORG, with a CAGR of above 100% (ORG MAT Feb. 2009).

Enhancing our brand portfolio was a key focus area and the first brand to launch was MYOKINASE™ (r-streptokinase). MYOKINASE™ has given hope to over 19,000 patients in India since launch and is now accepted in most reputed medical institutes and hospitals across the country. As the only 'met-free' streptokinase brand in India, MYOKINASE™ has established a unique product proposition for itself.

Apart from undertaking an intensive brand building exercise for STATIX® (Atorvastatin) and TELMISAT™ (Telmisartan), Biocon's Cardiology division has also catalyzed the introduction of innovative life saving drugs through increased customer acquisition and prescription generation. The launch of CLOTIDE™ (Eptifibatide) has provided in-roads into interventional cardiology while the launch of a world class Enoxaparin, DYNALIX® is targeted for the management of high risk cardiovascular patients. By providing affordable quality products, Biocon continues to carve out a major differentiator in the market.

The Cardiology division also launched some important and widely accepted orals like THINRIN™ (Clopidogrel) in the anti-platelet segment, and immediate and patterned release Metoprolol, ACTIBLOK™ – IPR for patients with hypertension and heart failure. Biocon also introduced other innovative and technically superior molecules in 2009, including BRADIA™ (Ivabradine) and BESTOR® (Rosuvastatin). While BRADIA™ is aimed at treating angina cases through reduction in heart rate, BESTOR® is the most potent cholesterol reducing agent. Together these products have widened the treatment scope for cardiologists, diabetologists and physicians.

Diabetology

Over the last four years, Biocon's Diabetology division has emerged a significant player in the anti-diabetic market. Independent agencies like ORG IMS and C Marc endorse customer perception of Biocon as a dependable partner in offering high quality, anti-diabetic products and services. In the Indian anti-diabetic market, Biocon has moved up in ranking from 40^{th} in 2005 to 12^{th} in 2009.

Our flagship brand INSUGEN® is currently ranked 3^{rd} in the vial market and has increased its market share across specialties. As per ORG (Feb. '09), INSUGEN® has gained the highest market share in the extra-urban / interior markets. Priced approx. 25% lower than its competition, INSUGEN® reflects Biocon's focus on affordable therapy. In addition, Biocon provides various value added services to diabetic patients and the medical fraternity in the form of Patient Education Programs, Diabetes Camps, Nurses Education Programs and Medical Education to Doctors through INSUGEN® meets.

Amongst our oral anti-diabetic formulations, both BLISTO™ (Glimepiride) and METADOZE-IPR® (Metformin) used in the treatment of type II diabetes are gaining wide acceptance across specialties.

In the anti-obesity segment, the launch of OLISAT™ (Orlistat) has been an innovative first in India's drug delivery technology. OLISAT™ is the only Indian brand with pelletization technology and a dissolution profile that matches international standards.

In fact, OLISAT™ pellets have a dissolution profile that is almost five times higher than powder formulations, thereby offering better efficacy in fat reduction. There was an average weight reduction of 4-5 kgs per subject in a recently concluded safety study of 'OLISAT™ for weight reduction' among 440 patients.

The first quarter of 2009-10, will see the launch of INSUGEN® 100 IU and Biocon's Insulin Glargine brand, BASALOG™. INSUGEN® 100 IU will facilitate better compliance through a cost effective, quicker and easier way of injecting insulin with lesser volume. BASALOG™ is a 24-hour acting insulin analog that will provide better glucose control and enhanced patient comfort. In a phase III open labeled, randomized, multicentric study conducted, the safety and efficacy of BASALOG™ was found comparable to the international brand in type I diabetes mellitus patients.

Oncotherapeutics

BIOMAb EGFR®

Biocon's Oncotherapeutics division continues to receive accolades for BIOMAb EGFR®, the first humanized monoclonal antibody for the treatment of head and neck cancer. The on-going BEST trials in locally advanced head and neck cancers has reported a 30-month follow-up date with encouraging results.

Cost and debilitating toxicities are the major treatment draw-backs in most anti-EGFR class of drugs. In line with Biocon's philosophy of affordable innovation, BIOMAb EGFR® is available to Indian patients at less than 50% of the cost of other anti-cancer therapy molecules in the same class and indication.

BIOMAb EGFR®'s superior and proven safety and efficacy profile and its affordable cost makes it the best-in-class anti-EGFR monoclonal antibody for the targeted therapy of head and neck cancer. This has been corroborated by studies conducted by our US and Canada consortium partner, YM Biosciences.

Lifecycle management for BIOMAb EGFR® includes:

- Adult Glioma: Accrual completed and are on maintenance/ follow up phase
- NSCLC: Accrual ongoing

Abraxane®

The Oncotherapeutics division markets another frontline anti-cancer drug, Abraxane®, in-licensed from Abraxis BioSciences. Since its launch in July 2008, over 200 patients have benefitted from Abraxane® therapy. Abraxane® was commercially introduced in the Indian market at a price 60% lower than what it costs in the US. As per US FDA approval, this drug is recommended for treatment of 1st and 2nd line metastatic breast carcinoma (MBC).

To harness the robust lifecycle management program of Abraxane® in battling various cancers, Abraxis BioSciences has initiated a worldwide head-to-head phase III registration trial for the treatment of non small cell lung cancer (NSCLC). Investigation into its efficacy as a treatment for melanoma will also begin very soon.

In November 2008, the National Comprehensive Cancer Network (NCCN) recommended Abraxane® as one of the choices for treatment of NSCLC. In February 2009, NCCN also approved the weekly dosing schedule for treatment of MBC.

Biocon has the rights to market Abraxane® in SAARC countries and the GCC. Abraxane® was launched in the UAE on October 9, 2008 and 20 patients have benefitted from this therapy so far.

Supportive Care

Biocon's Oncotherapeutics division also offers therapies for cancer supportive care with field specialists dedicated to promoting this product portfolio to the oncology community.

NUFIL safe™ (GCSF - filgrastim) for the treatment of cancer chemotherapy induced neutropenia is indigenously developed and manufactured by Biocon at Asia's largest biomanufacturing hub. It is the only filgrastim in India to be incorporated with an ultra safe passive delivery system to prevent needle-stick injuries. ERYPRO *safe*™ (recombinant human erythropoietin alfa) for the management of chemotherapy induced anemia is the only erythropoietin in India to be incorporated with an ultra safe passive delivery system to prevent needle-stick injuries.

Both NUFIL safe™ and ERYPRO *safe*™ have received encouraging response in the very first year of launch.

Nephrology

Since its inception in March 2007, Biocon's Nephrology division has posted outstanding performance with the successful launch of an innovative safety solution and a highly cost-effective immunosuppressant product portfolio that delivers on our promise of affordable and effective therapy.

ERYPRO *safe*™

End stage renal disease (ESRD) is a growing concern with dialysis requiring frequent visits to the hospital, thus becoming a financial burden on patients and their families. With the launch of ERYPRO *safe*™, Biocon's Nephrology division offers patients an innovative safety solution with unique features for erythropoietin end users (developed in collaboration with Becton-Dickenson and Safety Syringe Inc, USA). Additionally, ERYPRO *safe*™ is 30% more affordable than the innovator drug thus creating a niche position for the Nephrology division, enhancing Biocon's scientific image and furthering its commitment to delivering affordable innovation.

Immunosuppressants

The high cost of immunosuppressants, meant for preventing organ rejection in renal and liver transplant, continues to put considerable financial stress on its users. Biocon's immunosuppressant product portfolio seeks to address this concern through affordable pricing. RAPACAN™ (Sirolimus) is priced at a third of the cost of the innovator drug and TACROGRAF™ (Tacrolimus) was launched at a price 25% lower than that of its Indian counterparts.

CeRACaL™

In its endeavor to deliver a differentiated product portfolio, Biocon's Nephrology division recently launched CeRACaL™ (Cinacalcet), a new calcimimetic agent that sensitizes the calcium receptors and corrects secondary hyper-parathyroidism. A treatment not available in India till now, CeRACaL™ will greatly help patients undergoing dialysis and suffering from secondary hyper-parathyroidism to have a better quality of life.

Also being launched soon is NARITA+, a unique and balanced nutritional supplement meant to correct nutritional imbalance in patients undergoing dialysis. NARITA+ will add value to Biocon's well balanced Nephrology portfolio.

Research & Development

President Obama's call for biogenerics and affordable healthcare is reflective of global concern over the spiraling cost of healthcare and the need to herald a new era of responsible and accessible biotherapeutics.

Biocon continues to push its novel and biosimilar products through the complex stages of pre-clinical/clinical development and simultaneously focus on its small molecule generics pipeline. We pursue our programs with an effort to strike an optimum balance between near term profit growth and long term shareholder value.

At a time when many sectors face a severe slowdown, we believe that we have a unique opportunity to leverage our affordable R&D base and forge partnerships that will deliver large contract research, manufacturing and co-development opportunities over the next five years.

Clinical Advisory Board

To support our innovation matrix, we created a Diabetes Clinical Advisory Board to help effectively advance our diabetes pipeline into the global-regulated markets such as the US and EU. Additionally, the Board will enable us to draw on important developments in the external knowledge infrastructure to support further development of our core competencies. We are in the process of setting up similar 'disease area specific' global advisory boards for oncology and autoimmune diseases.

R&D Expenditure

R&D expenditure in FY 09 amounted to Rs. 598 million (7% of sales) a rise of 27% compared to Rs. 471 million (5% of sales) in FY 08. As at end of FY 09, around 13% of the workforce was employed in R&D activities.

Pharmaceuticals

Pharma R&D continued to transform its portfolio through process breakthroughs for Biocon's generic pharma products. In 2008, significant progress was achieved in terms of process improvement for existing businesses, development of new processes for existing products and increasing efficiency and sustainability. Reduction in the manufacturing cost for generic

Biocon's Biologics Pipeline

DRUG	PRE-CLINICAL	PHASE I	PHASE II	PHASE III
PEG-GCSF	ONCOLOGY			
Bmab 100	ONCOLOGY			
Bmab 200	ONCOLOGY			
BVX-20	ONCOLOGY			
IN 105 (ORAL INSULIN)				DIABETES
T1h			INFLAMMATION	
BIOMAb EGFR® (Glioma, NSCLC)				ONCOLOGY

molecules has consequently helped Biocon stay ahead in a highly competitive market place. Additionally, we are developing new product classes including chemically synthesized injectable peptides and also looking into a new class of compounds, prostaglandins.

Biosimilars

On the biosimilars front, our development plan for regulatory acceptance by EMEA and US FDA of our recombinant Human Insulin is on track. EMEA has accepted regulatory documents submitted by Biocon and we have recently initiated early phase clinical studies for our biosimilar insulin in Europe. The newest biosimilar that has been approved in India from Biocon's pipeline is BASALOG™, Biocon's own Insulin Glargine. BASALOG™ was approved by Indian regulators after a comparative clinical study conducted in diabetic patients demonstrated safety, glycemic control and glycated haemoglobin equivalent to the innovator drug. BASALOG™ is an important addition to the diabetologists' armamentarium in helping diabetic patients achieve their glycemic goals. The launch of BASALOG™ is a breakthrough in providing diabetic patients with an advanced, affordable, glucose-lowering therapy. BASALOG™ is also set to enter global clinical development that will enable market authorization in advanced markets such as the US and EU.

R&D is focused on building expertise to get more molecules into advanced markets. We are in the early phase of development of the drug PEG-GCSF (pegfilgrastim) for treating neutropenia caused by cancer chemotherapy. Pegfilgrastim can stay in the body for much longer time compared to filgrastim and thus patient's convenience of once-per-cycle dosing of pegfilgrastim has potential therapeutic advantages over standard filgrastim, used daily over a 14 day chemotherapy cycle. We are also developing biosimilar antibodies for oncology indications – Bmab 100 and Bmab 200 – for India, other semi-regulated and highly regulated markets.

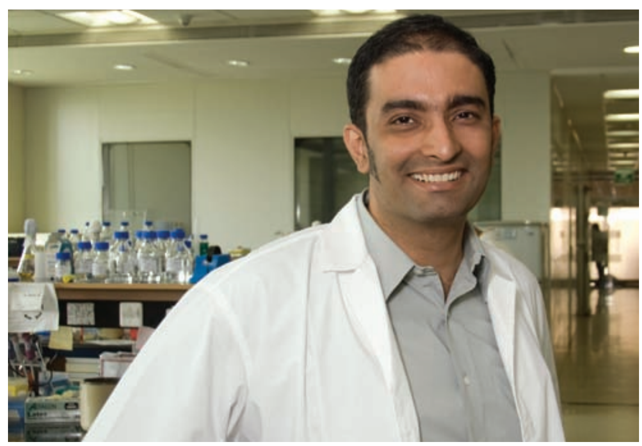
Novel Biologics

IN 105

Biocon presented the latest data on an ascending dose phase IIa clinical study on type II diabetic patients using IN 105 (Oral Insulin) at The European Association for the Study of Diabetes meeting held in Rome, September, 2008.

The study involved dosing type II diabetes subjects with single doses of 0 mg (placebo), 10 mg, 15 mg, 20 mg and 30 mg tablets of IN 105 in 5 separate periods before a mixed 600 kcal breakfast. The outcome measurements included the safety and tolerability, as well as the pharmacokinetics and pharmacodynamics of IN 105. Results showed that IN 105 was safe and well tolerated by type II diabetic patients and is able to significantly drop 2-hour post prandial glucose in a dose-related manner.

"This data supports the feasibility of providing insulin orally to treat postprandial hyperglycemia in diabetic patients" affirms Dr. Harold E. Lebovitz – MD, FACE, Professor of Medicine, Endocrinology and Diabetes Division, State University of New York, Health Science Center, Brooklyn. Patient enrollment is well under way in our phase III clinical trials.



T1h

A randomized, open label, four arms parallel phase II clinical study to evaluate the safety and efficacy of anti-CD6 monoclonal antibody (T1h) in combination with Methotrexate in MTX-inadequate responders / non-responders with active rheumatoid arthritis has been initiated at multiple investigation sites. The target of enrolling 70 patients in multiple weekly dose arms is complete. The final study report is expected in the third quarter of 2009.

A phase II clinical trial to evaluate the safety, efficacy and pharmacokinetics of T1h in patients with active psoriasis is also ongoing. This has been designed as a single blind, randomized, multiple dose, multiple schedule, multi-centric, parallel study in patients with active moderate to severe psoriasis, with independent blinded disease activity assessment and quality of life metrics assessment. The target enrollment of 40 patients is complete. The final study report is expected in the second quarter of 2009.

BVX-20

Currently BVX-20 is being evaluated in GLP toxicology studies for safety in relevant animal species. Single and repeat dose pharmacokinetics, immuno genicity testing is being monitored in these studies. Investigations are expected to be completed in the last quarter 2009. Phase I studies in human subjects is expected to start in 2010.

Intellectual Property

Biocon's patent portfolio reflects growth from a domestic and global perspective. Till 2008-2009, Biocon had a total asset of 415 patent applications of which international PCT applications were 99. In this fiscal, Biocon was granted 25 patents with 4 in order for grant. Till date, 34 patents are in the US alone. Through acquisitions, Biocon's IP asset now stands at 516 of which 94 are granted, bringing the total number of patent applications to 924 and the total number of granted patents to 178.

Discovery Research: Syngene

Fifteen years since its inception, Syngene International has the largest market share in India for providing drug discovery services in the areas of Synthetic Chemistry, Medicinal Chemistry and Biology (Avendus Report, Jan. 2009).

Syngene has effectively leveraged India's cost arbitrage to develop internationally benchmarked research infrastructure and enlist the country's outstanding scientific talent to deliver world class partnered services. Today, Syngene continues to harness capabilities and expertise across multiple research areas to provide vertically integrated, drug discovery services.

Syngene's ability to offer an 'integrated discovery platform' significantly enhances the width and depth of its engagement with all its clients. It also opens up avenues for collaborative integrated discovery programs and partnerships while continuing to maintain leadership in the CRO and CRAM business space. Given Syngene's excellence in cell and molecular biology, and bio-analytical and cGMP production capabilities of biologics, collaborations are not restricted to the discovery of small molecules, but also extend to large biological entities. Syngene also explores opportunities for 'bridging collaborations' that link its areas of expertise with those of complementary companies. To that end, Syngene has entered into strategic collaborations with 'Strand Life Sciences' (www.strandls.com) and 'Sapient Discovery' (www.sapient.com). Both associations are managed by scientists at Syngene, with utmost value attributed to data protection.

Another experience of integrated discovery services credited to Syngene is with an international pharmaceutical company, wherein Syngene is actively engaged in discovering compounds for the remedy of a psychotic ailment. With Syngene's expertise in medicinal chemistry and assay development & screening, both of which have already rendered it a competitive edge, the expanded biological and animal facilities give this collaboration a significant headstart. Experience garnered through previous collaborations has equipped Syngene with expertise to set up 'animal models' for research in these disease areas.

Infrastructure

Biocon BMS Research Center

A fully dedicated research and development facility for one of Syngene's important clients – Bristol-Myers Squibb, was formally inaugurated on March 23, 2009. This 200,000 sft. facility has chemical and biological research laboratories built to meet internationally benchmarked standards and specifications. The new research facility is dedicated to advancing BMS's work in early drug discovery and development with activities ranging from initial hit-lead optimization to clinical nomination. The facility is currently occupied by 270 scientists but has been designed to accommodate up to 450 employees.

Laboratory Animal Research Centre

Syngene has established a 45,000 sq ft laboratory animal facility. This world-class facility has been approved by the CPCSEA (Committee for the Purpose of Control and Supervision of Experiments on Animals) and is monitored by the IAEC (Institutional Animal Ethics Committee). It has also recently been audited for AAALAC (American Association for Accreditation of Laboratory Animal Care) accreditation. With additional expertise in the areas of toxicology, *in vivo* pharmacology, histopathology, and veterinary sciences, Syngene can now offer pharma companies an extended platform of services in pre-clinical development of molecules. This facility will significantly enhance Syngene's capabilities as a high-end, integrated drug discovery partner.

Pilot Plant Facility

A new chemical pilot plant recently commissioned has been designed to meet cGMP standards, comply with the needs of international regulatory authorities and meet global client requirements. The plant can handle different quantities of product, ranging from few kilograms to hundreds of kilograms. It is a multiple product plant which can handle a variety of chemical processes. The reactor capacities are from 50L to 3000L, with material of construction including glass lined stainless steel and Hastelloy, all of which are located in two independent suites. Downstream equipment is located in individual fume rooms, with separate personnel and material entry, to prevent any cross-contamination. With this pilot plant, Syngene can scale up and manufacture NCEs, APIs and AIs.

In addition, this plant allows Syngene to manufacture clinical-grade material with very low operational exposure levels.

Biological Pilot Plant Facility

The Biological Pilot Plant Facility (BPP) has been built with manufacturing capabilities for microbial fermentation (upto 225L) and mammalian cell culture (upto 300L) based biologics and is in the final stages of validation. This facility is a multi-product, cGMP compliant plant which has been designed for contract manufacturing with a high degree of flexibility. Each manufacturing suite is appropriately pressurized with respect to its surroundings to mitigate the risk of cross-contamination. Engineers and scientists at the BPP have extensive experience in all aspects of biologics manufacturing, including process development, optimization, scale-up, microbial fermentation, mammalian cell culture, purification and analytical testing. Adding value to Syngene's proven expertise in molecular biology, molecular genetics, and protein sciences, this facility provides an array of cGMP and non-GMP production services for proteins and antibody products for pre-clinical and clinical studies.

Partnerships

Development of Type III Virulence Blockers:

Syngene + Innate Pharmaceuticals

Over the last two years, Syngene and Innate have worked together on an integrated discovery model wherein both companies evaluated a series of compounds for their

effectiveness in preventing type III secretion events at the cellular level. This collaboration is now going strong in its third year and has endowed Syngene with experience in evaluating different possibilities with emphasis on animal studies and efficacy determination. Having set up a sophisticated vivarium, Syngene will now be self-sufficient in establishing animal models to assess efficacy of candidate molecules/NCEs. The ability to carry out these studies in-house enhances economic feasibility and timelines associated in such integrated drug discovery projects. Considering Syngene's excellent track record for timely delivery, scientific expertise and organizational commitment, it has been agreed that Syngene will also chair the Steering Committee of this collaboration to decide on further course of action for a successful outcome.

Expanding the Integrated Drug Discovery Offering

Syngene + Sapient Discovery

Syngene entered into a partnership with Sapient Discovery, a US based biotechnology company, in January 2009. Sapient Discovery is a leading structure-guided drug discovery company with a number of proprietary algorithms and capabilities for efficient protein structure based drug discovery and optimization. The Company's proprietary Genes-to-Leads Technology incorporates knowledge of the dynamically flexible 3-D structures of drug targets and 'anti-targets' – proteins exhibiting structural similarity to the drug target – with laboratory screening methods, to generate target-selective initial drug leads in as little as 60 days.

Together, Syngene and Sapient intend to provide a highly integrated platform for structure-based drug discovery with a one stop shop for structure-guided discovery, chemistry, biology and structural biology capabilities. This arrangement is crucial at a time when cost reductions and efficiency in the drug discovery process is driving companies to look for suitable outsourcing partners.

Syngene + DuPont Crop Protection

After working for six years with DuPont as a service provider, Syngene is now an alliance partner of DuPont Crop Protection. Syngene has been categorized as a preferred research service provider to DuPont Crop Protection primarily in the field of discovery chemistry and biology and will now provide integrated research services, through a 'one box' model, covering a broad range of R&D technical capabilities to support DuPont's discovery pipeline.

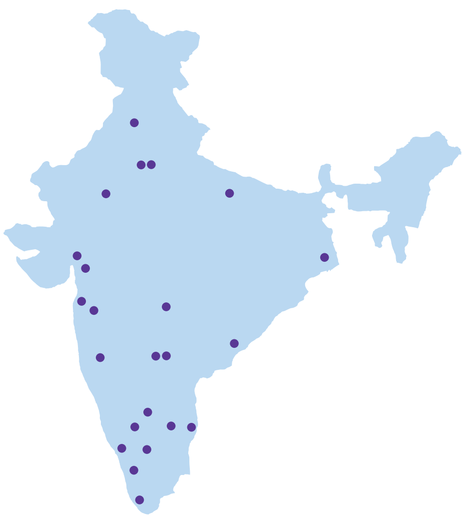
Clinical Research: Clinigene

Clinigene has established itself as an experienced, innovative provider of a full range of clinical research services to global biotechnology and pharmaceutical companies. Clinigene is focused on quality and adds value to its clients' clinical development programs by evolving various execution strategies to offer timely completion of deliverables, data confidentiality and cost-competitive services.

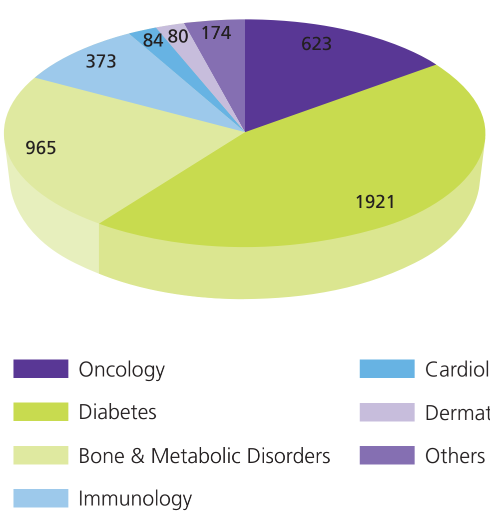
Over the past five years, Clinigene has implemented its main objective of accelerating clinical research for its clients. This is evident from the client base it has serviced, ranging from small venture-capital driven companies to multinational pharmaceutical giants. To achieve this objective, Clinigene has leveraged an adept mix of technology, experience and leadership to meet client needs and deliver value for money, on time. This has also resulted in many of its existing clients offering repeat business, evincing confidence in the capabilities of the Clinigene team.

Clinigene is currently undertaking over 30 clinical programs for pharmaceutical and biotechnology companies. Clinical research projects range from bioequivalence/bioavailability, early phase proof of concept studies to late phase programs facilitating registrations. In collaboration with over 160 investigators across India, Clinigene is managing clinical data for more than 4,000 patients.

Spread of Clinical Project Sites in India



Break-up of Patients by Therapeutic Area



To achieve its goals, Clinigene has established the following:
Manpower: Qualified personnel are trained on relevant international ethical and regulatory guidelines, standard operating procedures and all relevant therapeutic areas to ensure thorough understanding and effective execution of clinical research projects. On-the-job training strengthens project teams and helps sharpen skills and problem-solving capabilities.

Experience: Project teams comprising of experienced scientists, managers, clinical research associates and support staff, add value to the design, conduct and timely execution of clinical projects. Their collective experience helps Clinigene to report study results in the fastest possible manner without delays, thus obtaining early approvals for further development or marketing from various international regulatory authorities.

Clinigene has been audited by several prospective and current international clients as well as independent auditors. This has ensured robustness of systems and processes adopted.

Expertise: Clinigene has vast clinical trial management expertise in conducting complex clinical projects ranging from biological and biotechnology products, small molecules, vaccines and device projects. Its human pharmacology unit, bioanalytical research laboratory and central laboratory facility (affiliated to Esoterix Clinical Trial Services, Belgium, a division of Labcorp, USA) cater to early through late phase clinical studies. Bioavailability and bioequivalence studies ranging from simple to complex designs, often involving novel delivery systems and novel route of administration, have been conducted at these units. Laboratory services help investigator sites manage safety of clinical trial participants by delivering quick and accurate data.

Project Management: Clinigene ensures effective planning for various stages of a project so that all deliverables are met precisely, in compliance with quality requirements. This includes addressing needs at investigator sites, vendors and in-house study teams viz. training, strategies for recruitment and all-round compliance. With implementation of productivity and project management tools, optimal utilization of current work staff assigned to each project, efficient use of resources, rationalization of costs and tracking of deliverables at each stage of the project are ensured.

Infrastructure: The state-of-the-art central laboratory (CAP & NABL accredited), bioanalytical research laboratory and human pharmacology unit (equipped with 86 beds and 8 ICU beds) enable Clinigene to offer comprehensive services to meet the exact requirements of a successful early clinical development. The data management and biostatistics group contribute to data analysis using SAS® tools and programming capabilities. The Clinigene pharmacy is well-equipped with ambient and refrigerated (2-8°C) temperature storage areas with continuous temperature monitoring systems to handle storage requirements for different clinical supplies. All study documents are stored at the on-site temporary archival facility equipped with a fire suppression and alarm system.

Information Technology: With restructuring and implementation of key IT and web-enabled solutions which are on par with international standards, Clinigene has enhanced its capabilities to ensure speedy flow of information and data warehousing. Adequate power and data back-up is assured and a risk mitigation plan as well as business continuity process ensures projects are least affected by any disasters.

Clinigene's focus for the year ahead is to further improve service standards to keep pace with increasingly stringent international regulatory requirements and client needs thus contributing to expansion of its client base.

Human Resource

Biocon's HR strategy for 2009 will focus on the following themes: smart resource allocation, assimilation of the new enterprise wide MIS, competency enhancements, online appraisal and employee engagement.

The following priorities have been identified for 2009:

- To evolve a competency mapping process across the organization, analyze relevant talent gaps and address them through appropriate interventions.
- To evangelize the online Performance Management process through the Microsoft Enterprise Portal to develop a stronger, more cohesive appraisal system.

- To reinforce differentiated performance measurements/ parameters across levels.
- To enhance employee engagement through tools like the Gallup Q-12.
- To identify and develop a second line leadership through an appropriate potential assessment plan.
- To invigorate our talent pipeline through assessment tools and focused campus collaboration with select biotechnology institutes.

In 2008, a number of employee-centric interventions were implemented to create a more engaged and highly competitive talent pool. Some key initiatives undertaken were:

- Focused engagement with functional heads to develop relevant organic structures that meet present and future organizational needs.
- Streamlining of department specific manpower plans through involved annual projections with quarter wise phasing and using these as the basis for informed proactive hiring.
- Strengthening of the Performance Appraisal system 2008-09 through the combined evaluation of achievement of individuals objectives (weightage ranging between 50-70%) and demonstrated competencies like leadership, communication, customer satisfaction, decision making, etc. (weightage ranging between 30-50%).
- Further shaping of a market competitive compensation structure through biotechnology focused compensation benchmarking studies conducted by Hewitt, Watson Wyatt, Mercer, etc.

- Strengthening of employee engagement activities through the concept of "People Champions" where HR resources are assigned to specific departments for the purpose of building formal and informal relationships to understand department specific scenarios and challenges.

The ability to transform goals into realities, create new models for success and sustain high levels of growth lies with our people. The past twelve months have witnessed exciting progress across Biocon's multiple initiatives in drug discovery, development and commercialization.

At Biocon, our goal is not merely to motivate our employees to accomplish organizational objectives but to surpass them. We provide our people continuous opportunities for active learning and development which will be key drivers for personal growth as well as company success.

Quality & Regulatory

For the period April 2008 to May 2009, Biocon underwent approximately 48 successful compliance audits by various national and international customers and regulatory authorities, including the European Qualified Person (QP) for Insulin.

Achievements
- Jordan's FDA inspected and approved our facilities for the biological products: Insulin, GCSF & Streptokinase.
- The Iranian Ministry of Health inspected and approved our oral formulations in the immunosuppressant category: Tacrolimus, Sirolimus and Mycophenolate Mofetil.
- Our Insulin formulations have been successfully registered in Brazil, Jamaica and Costa Rica.
- BIOMAb EGFR® is successfully registered in Sri Lanka and Nepal.
- EU GMP completed inspection of our immunosuppressant facility.
- US FDA approved our statin and immunosuppressant facilities at Biocon Park, Biocon Campus at 20th km and the Parenteral Fill-and-Finish Facility at Biocon Park.
- National Agency of Food and Drug Control, Indonesia audited the biologics facilities for insulin drug substance and drug product.

Environment, Health & Safety

Biocon's EHS commitment is to become a '*zero incidents site*' in all activities or operations. This target will be met by:
- Strongly believing that any incident is preventable.
- Involving employees, contractors, suppliers and sub-contractors in EHS initiatives through brainstorming, inspection, detection and correction, from project startup to completion.
- Conducting an advanced HAZOP study before a process is started.
- Strictly adhering to the work permit system/defined procedures set for the organization.

In 2008, Biocon upgraded its occupational health systems from OHSAS 18001:1999 to OHSAS 18001:2007. As we grow, it is vital that we have proven EHS compliance assurance and risk management processes in place to deliver on our EHS Policy commitments. While our goals for water and energy use efficiency remain the same, we have decided to approach our commitment to biotechnology stewardship in a new way given the rapid growth that the Company is experiencing.

EHS Responsibilities of Employees

- Employee Participation and Accountability: Compliance with EHS regulations, policy, standards, rules and procedures is everyone's responsibility. All employees are expected to help manage EHS risks and to act responsibly to protect themselves, co-workers, the environment and our facilities.
- Management Leadership, Participation and Accountability: From top management to front-line supervisors, all are responsible and accountable for EHS compliance and for managing EHS risks of their organizations. Their active participation includes collaborating across organizational lines to integrate EHS risk management practices into our routine business processes.

EHS Management Systems

Starting early 2004, Biocon has been certified for ISO 14001 and OHSAS 18001. We have been formalizing our continual improvement processes through adoption of an EHS risk management framework within our product manufacturing and quality organizational units that is consistent with best practices. These units have the responsibility to manage a substantial portion of the EHS risks of the Company.

This initiative will involve regular audits that result in a score that rates the effectiveness of the Company's environmental and safety protection management system processes. Our goal is to achieve world-class EHS Standards by 2010.

Regulatory Overview

A variety of governmental agencies oversee the safety and environmental performance of Biocon's facilities. These agencies range from local fire departments to local, regional and national environmental agencies. Generally, regulatory agencies monitor conditions and developments at Biocon's facilities by requiring permits, notifications and periodic reports on key issues, as well as by inspection. Biocon complies with all applicable local, national and international legislations.

Water Use

Last year, water consumption/unit of product was 195.47m^3. This year, consumption was reduced to 185.47 m^3. The saving is around 10% as targeted in the previous year. Even though we have achieved our goal, we will continuously strive to further reduce water consumption at all levels of operation. Our target for the next financial year is to reduce water consumption/kg of product by 15%.

Commitment to Greenery

As part of our corporate responsibility we have planted 1,500 tree samplings in and around Biocon on June 5, 2008, World Environment Day.

Training

Biocon is committed to high quality training for all personnel working for or on behalf of the organization. We ensure that all our suppliers, contractors and others associated with our business are made to understand our EHS Policy. Last year, total man hours spent on training was 9,433. Our focus will continue to be better training, improved participation and additional training appropriate for routine and non-routine activities. By next fiscal, we aim to increase participation by 30% over the previous year.

Corporate Social Responsibility

Health

ARY (Arogya Raksha Yojana) Primary Healthcare Clinics

We have four clinics in the districts of Huskur, Bagalkot, Pavagada and Chikkballapur and two within Bangalore City in Austin Town and Kavalbyrasandra. Under construction are three more in Yarandahalli Village (Hennagara Gram Panchayat), Krishnarajpuram and Whitefield (Bangalore City).

Specialist Services: To augment our primary healthcare services with that of specialized care, we try to bring specialists from leading hospitals to our Clinics for consultation on a regular basis. To that end, a pediatrician from Narayana Hrudayalaya visits the Huskur Clinic once a week and a cardiac consultant from MSR NH Heart Centre is available for Echo, ECG and consultation at our Chikkballapur Clinic, also on a weekly basis. Additionally, the Chikkballapur Clinic offers tele-medicine consultation with NH Hospital doctors and online ECG service, 6 days a week.

Outreach Services: Health camps are an ongoing feature of all our Clinics. This year, the Bagalkot District hosted multi-specialty camps organized in the villages of Kaladgi, Simmikeri, Kulageri. A team of 16 doctors from Jain Institute of Vascular Sciences (Bangalore), Narayana Hrudayalaya (Bangalore), Kerudi Hospital (Bagalkot), M.M. Joshi Eye Hospital (Hubli), Nijalingappa Medical College (Bagalkot) and the ARY Clinic (Kaladgi) worked together over a period of three days to treat 1800+ patients for a range of cardiac, diabetic, ophthalmic, ob/gyn illnesses as well as other minor ailments.

The Chikkballapur District also benefited from two cardiac camps held in Nandi and Chikkballapur town. A total of 500 patients were attended to in these camps. Additionally, free medicines were supplied to Shri V. R. Deshpande Memorial Trust for its health camps conducted in the Uttar Kannada District.

Outreach services from our two urban Clinics saw our community health workers make house-to-house visits providing information on best practices in health and hygiene besides educating the neighbourhood about services available at ARY Clinics.

Ragpickers Education & Development Scheme (REDS) – Deephalli:
REDS works with children who survive by collecting waste/garbage off the streets of Bangalore. The organization runs a resident facility in Deephalli for 60 children between the ages of 4 to 14. The residence is located about 4 kms from the ARY Clinic in Huskur. Our ARY team visits REDS once a week to provide the young residents medical care. Medicines are subsidized and when necessary, children are taken to the Clinic for diagnostic tests.

Mobile Diabetic Foot Clinic:
We continue to support the Diabetic Foot Clinic run by Jain Institute of Vascular Sciences. Its bi-monthly visits to our Clinics are much awaited and several 100 patients continue to benefit from the advice, diagnosis and treatment provided.

ARY Micro Health Insurance

In its fourth year of operation, the ARY Micro Health Insurance scheme has 70,000 members enrolled and is now available in Anekal, Bagalkot, Chikkballapur, Mysore, Mandya, Kolar and Bangalore City.

In January 2008, the scheme was launched in Pavagada, a remote taluk located along the state border with Andhra Pradesh. Pavagada has poor access to medical care with the closest multi-specialty hospital 60 kms away in Tumkur. Biocon Foundation is working in collaboration with the Sri Ramakrishna Sevashrama to enroll people from local communities under ARY, thus ensuring that they have access to good affordable healthcare.

Surgeries: During the year, 190 surgeries have been carried out of which 10 were heart surgeries. Since the ARY scheme was launched in 2005, over 1,200 patients have been provided tertiary and secondary care at our network of 30 hospitals spread across Karnataka.

Preventive Health Education

This program was extended to Bangalore City slums, Bagalkot, Chikkballapur and Rayakotta in Tamil Nadu. Workshops were conducted in schools and for women's groups on topics ranging from best practices in health and hygiene, the importance of sanitation, environmental hygiene – waste management, common illnesses – symptoms and treatment, the importance of completing a course of prescribed treatment to HIV/AIDS.

Health Cities

Narayana Hrudayalaya and Biocon Foundation have entered into a collaboration to offer high technology, affordable healthcare across India. The aim is to set up large 'health cities' in every state capital and large hospitals in every district headquarter, strategically positioning them between government and corporate hospitals. The mission is to create at least 20,000 beds within the next 3-5 years in various parts of the country.

The Bangalore Health City has a 1,000-bed heart hospital performing approximately 30 major heart surgeries a day; supported by an eye hospital that performs approximately 300-500 cataract surgeries daily; and a large orthopedic hospital 'Sparsh' equipped with state-of-the-art infrastructure to perform complex orthopedic procedures and address every type of trauma and injury. In 2009, a 1,000-bed, modern cancer hospital will be commissioned at the health city project in Bangalore.

Education

Chinnara Ganitha

This year, the Chinnara Ganitha program covered 70,000 children from Classes 1 to 7 in three districts – Anekal, Chikkballapur and Coorg. A test of math comprehension and application was administered to 1,000 children in Coorg before they started using the books. This test will be repeated after one year of using the books to help us assess the efficacy of the program and fine tune content where necessary.

Kelsa +

With the help of Microsoft Research Labs, Bangalore, Biocon Foundation has started a digital literacy program for low income staff on all Biocon campuses. Kelsa+ provides free-to-use open-access internet connected PC's for Biocon's support staff, including housekeeping, gardening, maintenance, security, and transport workers.

Through this program we hope to:
- Increase computer literacy among low income staff despite previous non-exposure, and varying age and literacy levels.
- Increase understanding, confidence, aspirations, self-esteem and hope among our workers
- Improve communication skills of workers by providing access to English learning material

After-School Hours Centre, Coorg
Together with a local partner NGO – Skanda Foundation, Biocon Foundation is starting an after-school centre for children from low income families. Most of these children are from local tribes, their parents work in coffee plantations or with the forest department. The centre will provide round the year access to computers and expose the children to a range of activities such as drama, music, pottery, spoken English and games.

Infrastructure
Sanitation
Under phase I of the sanitation program, 700 toilets have been built in Huskur. Education on the importance of using toilets and keeping them clean continues with women's groups and in schools. In phase II, we will build 500 toilets in Hennagara Gram Panchayat, Anekal Taluk.

We are working with the local government to ensure that people use their toilets while also interacting with governmental agencies to provide equitable supply of water to all members of the community.

Schools & Clinics
Biocon Foundation has built two government primary schools and provided funds to build a compound wall for an existing government school in Hennagara, Anekal. We have also funded an ARY Clinic in Yarandahalli village.

ARY Micro Health Insurance Scheme 2008-09

Enrollment: 70,000

Total Surgeries: 132

Type	
Ob/Gyn > HYSTERECTOMIES & DELIVERIES	40
Cardiac > OPEN HEART, ANGIOGRAMS & OTHER CARDIAC PROCEDURES	35
General	30
Ophthalmology	11
Urology/Nephrology	10
Orthopedic	6

The Institute of Developing Economies (IDE), Japan is currently undertaking research to assess community perceptions and usage of micro insurance programs. The aim is to understand how the poor perceive ARY and micro insurance in general. It also focuses on identifying ways to make ARY more acceptable to potential clients.


08G 539469
भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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दस रुपये
08G 539469

Product Glossary

Cardiology

STATIX®
Active Ingredient: Atorvastatin 10/20/40 mg
Indication: Controls elevated cholesterol levels

STATIX®-EZ
Active Ingredient: Atorvastatin 10 mg + Ezetimibe 10 mg
Indication: Controls extremely high levels of cholesterol

STATIX®-F
Active Ingredient: Atorvastatin 10 mg + Micronised Fenofibrate 200mg
Indication: Corrects cholesterol levels in Diabetic Dyslipidemics

TELMISAT™
Active Ingredient: Telmisartan 20/40/80 mg tablets
Indication: Offers 24 hour blood pressure control

ZIGPRIL®
Active Ingredient: Ramipril 2.5/5 mg
Indication: In patients with risk of CVD

THINRIN™
Active Ingredient: Clopidogrel 75/150 mg
Indication: For early and long term risk reduction in high risk ACS patients

TELMISAT™-H
Active Ingredient: Telmisartan 40 mg + Hydrochlorothiazide 12.5 mg
Indication: In uncontrolled hypertension

TELMISAT™-R
Active Ingredient: Telmisartan 40 mg + Ramipril 2.5/5 mg tablets
Indication: For better blood pressure control in diabetic hypertensives

ZARGO®
Active Ingredient: Losartan 25/50 mg
Indication: Reduces high blood pressure

ZARGO®-H
Active Ingredient: Losartan 50 mg + Hydrochlorothiazide 12.5 mg
Indication: Controls blood pressure in high risk patients.

CLASPRIN®
Active Ingredient: Aspirin 75/150 mg + Clopidogrel 75 mg
Indication: For early and long term risk reduction in high risk ACS patients

CLOTIDE™
Active Ingredient: Eptifibatide 10ml bolus, 100ml infusion
Indication: In patients of Acute Coronary Syndrome, undergoing Percutaneous Coronary Interventions

DYNALIX®

Active Ingredient: Enoxaparin 20mg, 40mg, 60mg Pre Filled Syringe

Indication: In patients of Acute Coronary Syndrome and Prophylaxis of Deep Vein Thrombosis

MYOKINASE™

Active Ingredient: Recombinant Streptokinase for injection 1,50,000 IU

Indication: In patients of Acute Myocardial Infarction

ACTIBLOK™ - IPR

Active Ingredient: Metoprolol Immediate & Patterned Release 25/ 50/100 mg tablets

Indication: In patients of Hypertension, Angina, IHD and Heart Failure

BESTOR®

Active Ingredient: Rosuvastatin Calcium 5/10mg tablets

Indication: For the management of Dyslipidemia and Atherosclerosis

BRADIA™

Active Ingredient: Ivabradine 5 / 7.5 mg tablets

Indication: For the management of Stable Angina

Diabetology

INSUGEN®-R (Regular)
INSUGEN®-N(NPH)
INSUGEN®-30/70 & 50/50 (Biphasic)

Active Ingredient: Each ml contains Human Insulin (rDNA origin), Ph Eur 40 IU

Indication: In Diabetes, useful when oral agents fail to control blood glucose levels

INSUGEN®-R (Regular)
INSUGEN®-N(NPH)
INSUGEN®-30/70 & 50/50 (Biphasic)

Active Ingredient: Each ml contains Human Insulin IP 100 IU

Indication: In Diabetes, useful when oral agents fail to control blood glucose levels

BLISTO™

Active Ingredient: Glimepiride 1/2/4 mg

Indication: Increases Insulin secretion in Type 2 Diabetes by stimulating pancreas

PIODART®

Active Ingredient: Pioglitazone 15/30 mg

Indication: Helps Insulin work better in Type 2 Diabetes

BLISTO-1MF™/2MF/4MF

Active Ingredient: Glimepiride 1/2/4 mg + Metformin1000 mg SR

Indication: In Type 2 Diabetes, when blood glucose is not controlled with a single medication

PIODART®-MF

Active Ingredient: Pioglitazone 15 mg + Metformin ER 500 mg

Indication: Improves blood sugar control when not controlled by monotherapy

TriGPM™-1/2
Active Ingredient: Glimepiride 1/2 mg + Pioglitazone 15 mg + Metformin 500 mg SR
Indication: A triple drug combination for uncontrolled Type 2 Diabetes

ZUKER-MF™
Active Ingredient: Gliclazide 80 mg + Metformin 500 mg SR
Indication: Comprehensively controls hyperglycemia in Type 2 Diabetes

BASALOG™
Active Ingredient: Each ml contains Insulin Glargine (rDNA Origin) 100 IU
Indication: In Diabetes Mellitus, for 24 hrs basal insulin action

GMAB™ Plus
Active Ingredient: GLA 100 mg + Methylcobalamin 1500 mcg + ALA 100 mg + Benfothiamine 100 mg + Ele. Zinc 15 mg
Indication: Nutritional supplement

GABIL™
Active Ingredient: Gabapentin 300 mg + Methylcobalamin 500 mcg
Indication: In Diabetic Neuropathy

OLISAT™
Active Ingredient: Orlistat 60/120 mg
Indication: Weight reducer

METADOZE-IPR®
Active Ingredient: Metformin 850 mg SR
Indication: Improves action of Insulin in Type 2 Diabetes

Nephrology

ERYPRO™
Active Ingredient: Recombinant Human Erythropoietin Alpha 2000 IU/ 4000 IU/ 10000 IU
Indication: For the treatment of patients with anemia due to chronic renal failure, either on dialysis or non-dialysis

ERYPRO *safe*™
Active Ingredient: Recombinant Human Erythropoietin Alpha injection in strengths of 2000 IU/ 3000 IU/ 4000 IU/ 5000 IU/ 6000 IU/ 10000 IU
Indication: For the treatment of patients with anemia due to chronic renal failure, either on dialysis or non-dialysis

CYCLOPHIL ME™
Active Ingredient: Cyclosporine USP 25/50/100 mg capsules
Indication: Prophylaxis of allograft rejection in kidney transplantation and as a rescue therapy in patients with rejection episodes

CYCLOPHIL ME™ (ORAL SOLUTION)
Active Ingredient: Cyclosporine Oral Solution USP 100 mg/ml
Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

TACROGRAF™

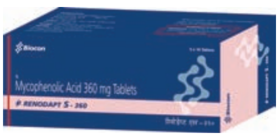
Active Ingredient: Tacrolimus 0.5/1/2/5 mg capsules

Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

RENODAPT™

Active Ingredient: Mycophenolate Mofetil 250 mg capsules and 500 mg tablets

Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes



RENODAPT™-S

Active Ingredient: Mycophenolic Acid 360 mg tablets

Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

RAPACAN™

Active Ingredient: Sirolimus 1 mg tablets

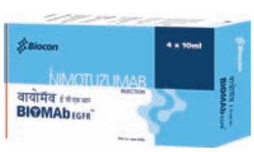
Indication: Prevention of rejection and rescue therapy for rejection in renal transplantation

CeRACaL™

Active Ingredient: Cinacalcet hydrochloride equivalent to Cinacalcet 30/ 60 mg

Indication: For the treatment of secondary hyperparathyroidism in dialysis patients

Oncology



BIOMAb EGFR®

Active Ingredient: Nimotu-zumab 200 mg

Indication: Humanized monoclonal antibody targeting epidermal growth factor receptor indicated for its use in head and neck cancer

Abraxane®

Active Ingredient: Paclitaxel protein bound particles for injectable suspension (Albumin bound)

Indication: For the treatment of Breast Cancer after failure of combination chemotherapy for metastatic disease or relapse within 6 months of adjuvant chemotherapy

ERYPRO *safe*™

Active Ingredient: Erythropoietin Alfa

Indication: For the treatment of chemotherapy induced anemia

NUFIL safe™

Active Ingredient: Filgrastim (rh - Granulocyte Colony Stimulating Factor) 300 µg

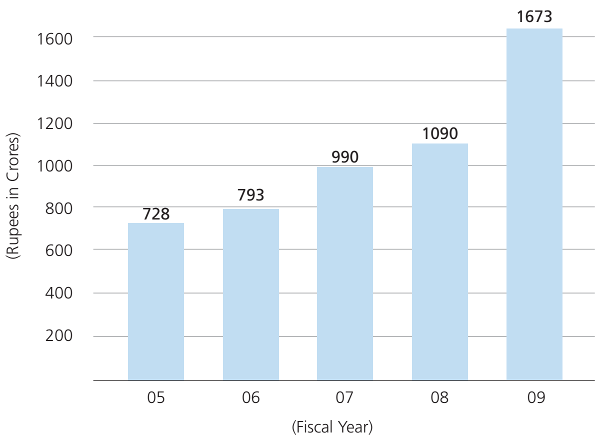
Indication: For the treatment of chemotherapy induced neutropenia

Financial Report

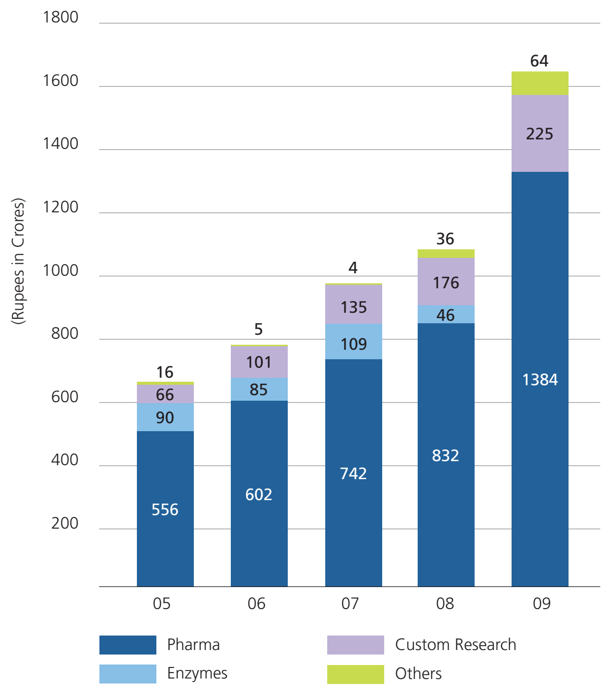
Financial Highlights

*Based on GAAP Consolidated Financial Statements

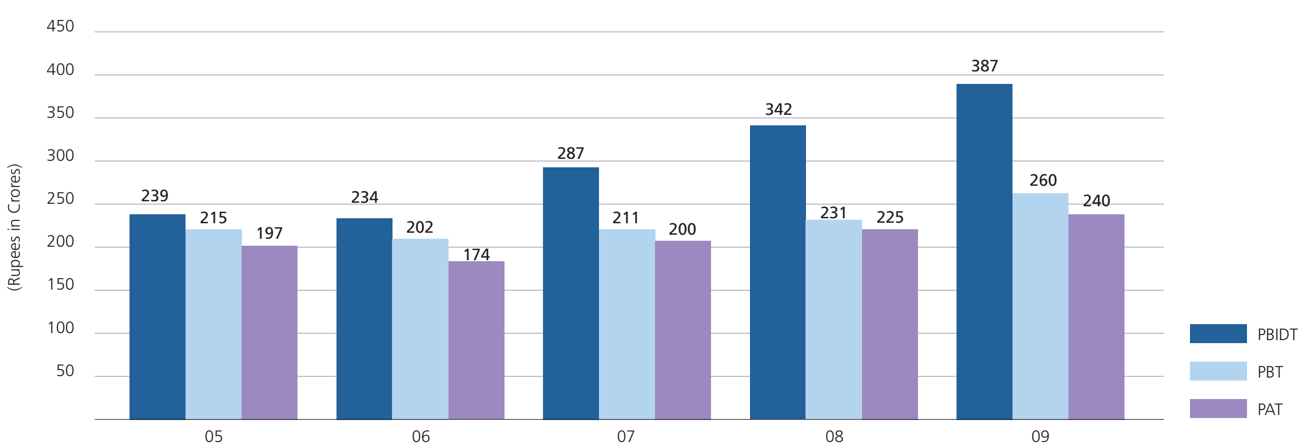
Revenue



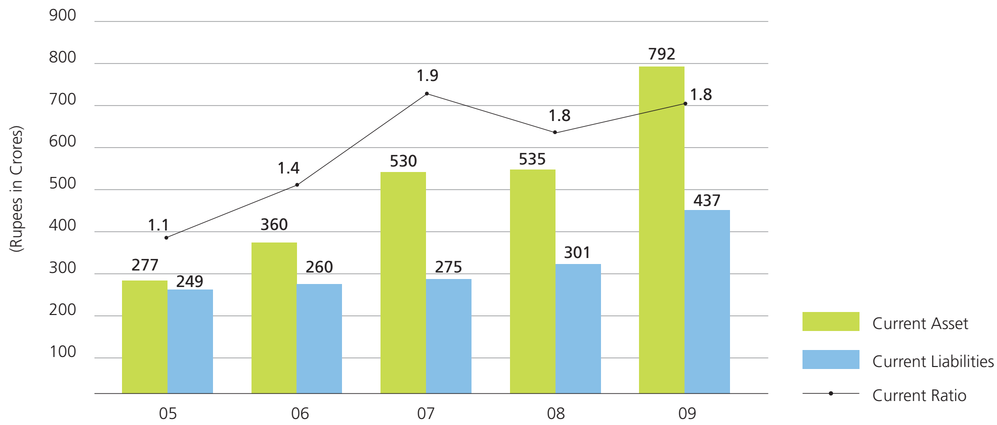
Revenues By Segment



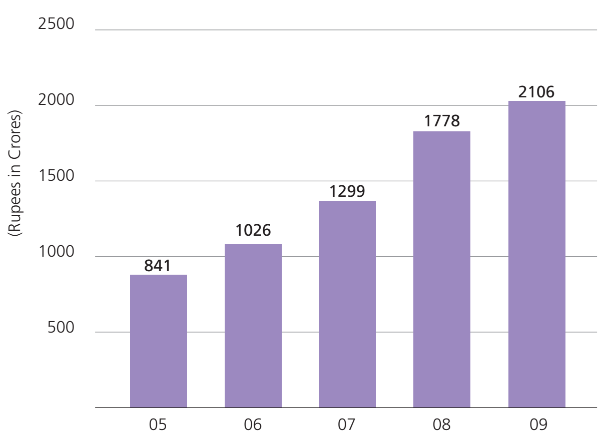
Profits (From Operations)



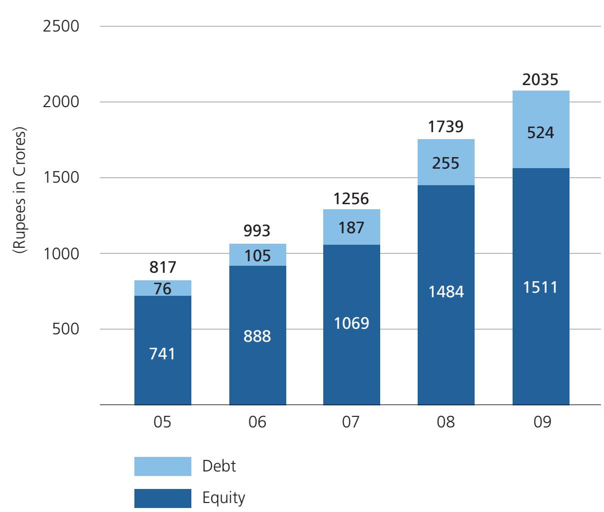
Current Ratio



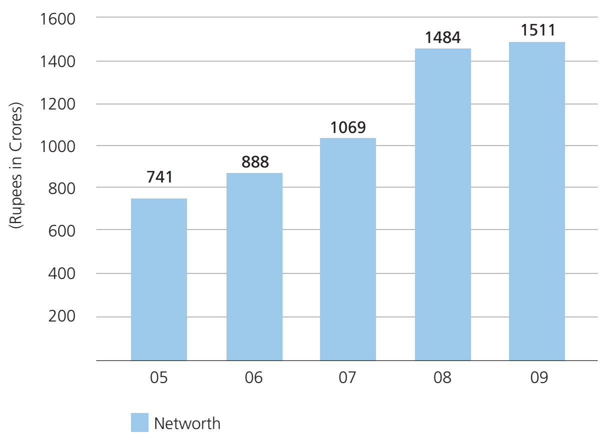
Net Assets



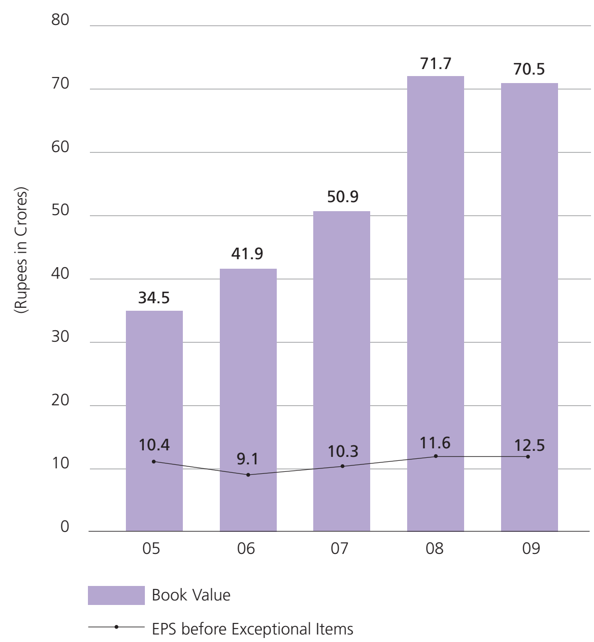
Debt: Equity



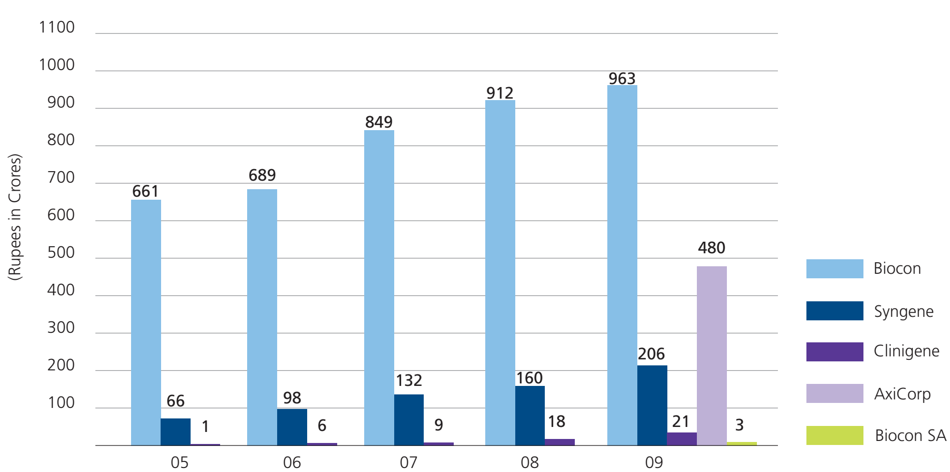
Networth



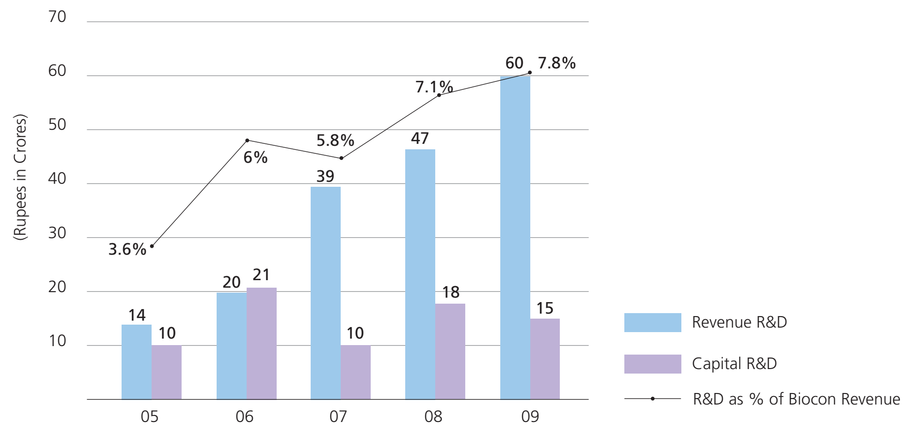
EPS Before Exceptional Items & Book Value Per Share



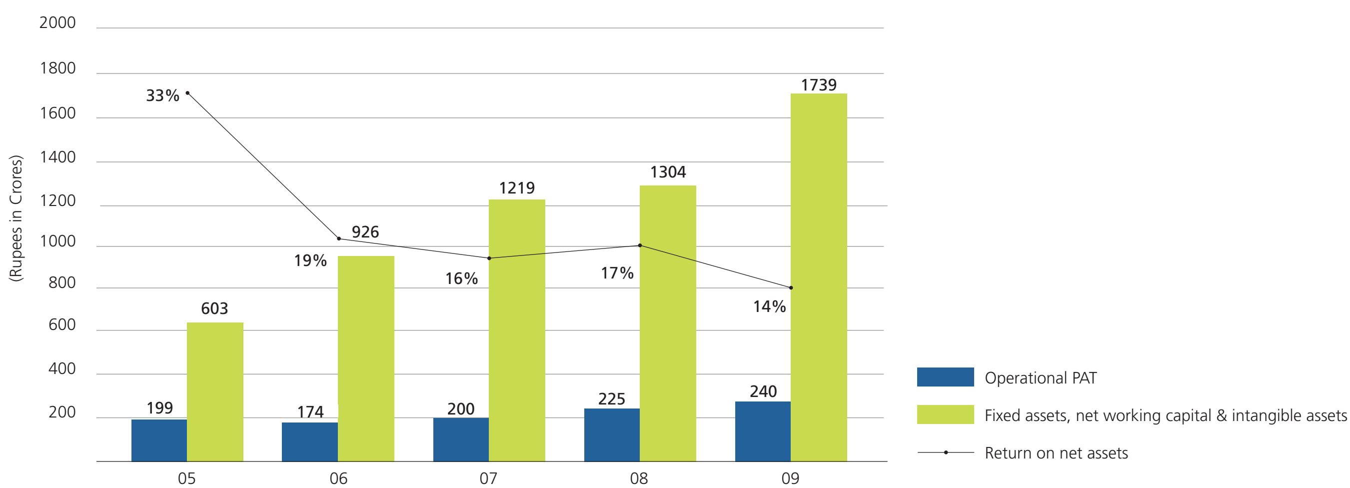
Revenues (By Company)



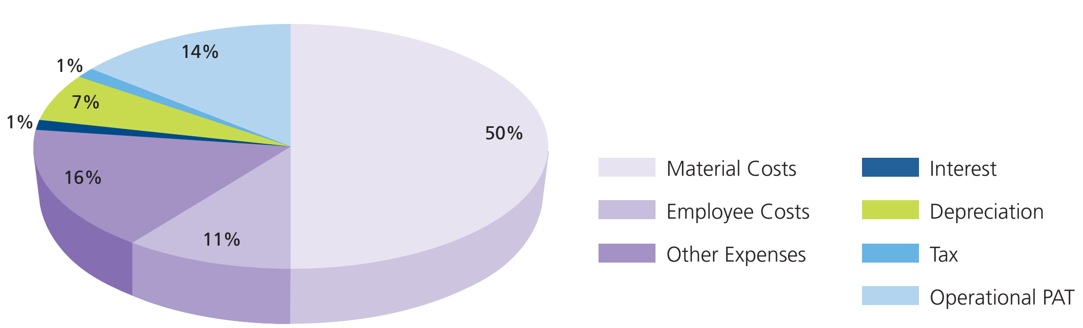
R&D Spend

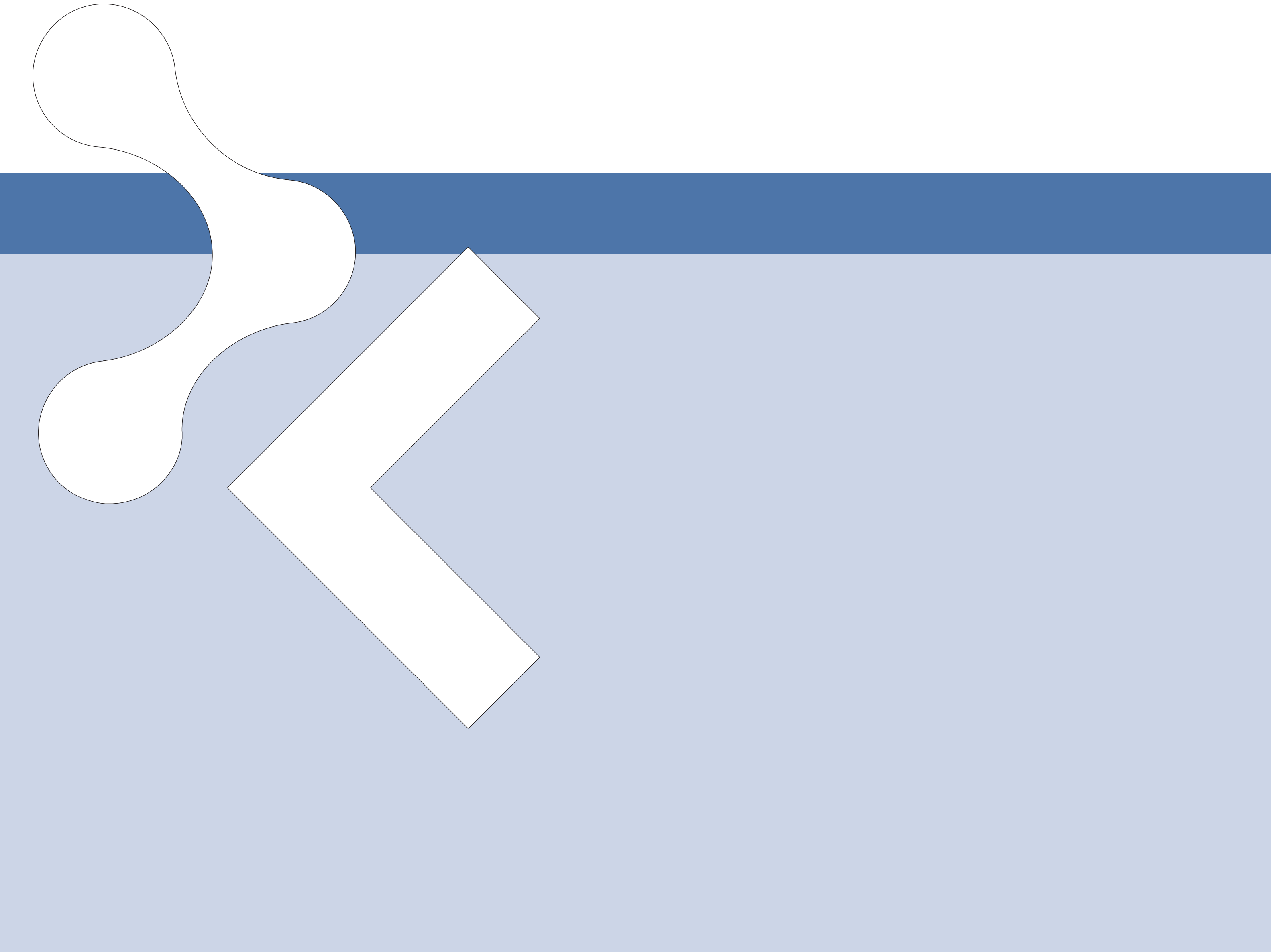


Return On Net Assets



Distribution Of Revenues





Biocon Limited

Directors' Report

Dear Shareholders,

We are pleased to present the Thirty First Annual Report on business and operations together with the audited financial statements and the auditor's report of your Company for the financial year ended 31st March 2009.

The financial highlights for the year under review are given below:

Corporate Results:

Rs in Millions

Particulars for the year ended March 31,	2009	2008
Total Revenues	9,871	9,292
Total Expenditure	6,937	6,511
Profit before Interest Depreciation and Tax	2,934	2,781
Interest	49	29
Depreciation	743	690
Profit before Tax and Exceptional items	2,142	2,062
Income Tax	104	106
Profit after Tax, before Exceptional items	2,038	1,956
Exceptional items (net of tax)	(920)	2,394
Profit after Exceptional Items	1,118	4,349
Surplus b/f from previous year	7,705	4,376
Profit available for appropriation	8,823	8,725
Proposed dividend on equity shares	600	500
Tax on proposed divided	102	85
Transfer to General Reserve	112	435
Balance in Profit and Loss account	8,009	7,705

Consolidated Results (Under Indian GAAP):

Rs in Millions

Particulars for the year ended March 31,	2009	2008
Total Revenues	16,732	10,902
Profit before Interest Depreciation and Tax	3,878	3,350
Interest	176	102
Depreciation	1,102	939
Profit before Tax and Exceptional items	2,600	2,309
Income Tax	119	129
Profit after Tax, before Exceptional items	2,481	2,180
Minority Interest	(71)	65
Share of losses in associate company	(7)	-
Profit after Tax and Minority Interest, before exceptional items	2,403	2,245
Exceptional items (net of tax)	(1,472)	2,394
Profit after Exceptional Items	931	4,639

Results of Operations:

During the year under review, consolidated revenues grew by 53%, Profits (EBITDA) and Profit after Tax, before exceptional items grew by 16% and 7% respectively. The Net Profit for the year was impacted by loss under exceptional item of Rs 1,472 million, on account of Mark to Market (MTM) loss incurred due to volatility in the foreign exchange rates. Inspite of the global economic meltdown the company was able to achieve growth due to its strong focus on operational efficiencies and aggressive defending of market position in the face of competition in the generic API space.

A detailed performance analysis is given in the Management Discussion and Analysis, which is annexed to this report.

Appropriations
Dividend

Directors are pleased to recommend a dividend of 60%, which is Rs 3 per equity share.

Transfer to Reserves

We propose to transfer Rs 112 millions to the General Reserves. An amount of Rs 8,009 Million is proposed to be retained in the profit and loss account.

Consolidated financial statements:

The consolidated financial statements have been prepared by the Company in accordance with the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006. The audited consolidated financial statements together with Auditors Report thereon form part of the Annual report. The consolidated net profits of the Group before exceptional items for the year ended 31st March 2009 amounted to Rs 2,403 Million as compared to Rs 2,245 Million in the previous financial year. For the year under review, profit (after exceptional items) amounted to Rs 931 Million, resulting in basic earnings per share Rs 4.8 per share.

Business Operations overview and Outlook:

During the year, total revenues of the Company increased by 6% from Rs 9,292 Million to 9,871 Million. Statins registered a 12% growth and Immunosuppressants basket grew by 35% for the year under review. Our branded formulations business under our Healthcare umbrella has made rapid strides in garnering market share for our key brands in Cardiology, Diabetology, Nephrology and Oncology. We see this as being a high growth segment in our business strategy going ahead.

Our future prospects are being driven by a robust R&D engine where we are making good progress both in our bio-generics and novel biologics programs. This will call for significant incremental investments going forward which are expected to realize significant returns over the medium to long term. Patient enrollment is well under way in our Phase III clinical trials for IN105 (Oral Insulin). Our T1h (Anti CD6) monoclonal antibody program has completed patient recruitment for Phase II clinical trials for both Rheumatoid Arthritis as well as Psoriasis. On the bio-generics front, our development plan for regulatory acceptance by EMEA and USFDA of our recombinant human Insulin is also on track. Insulin analogue, Glargine is now set to enter into a similar development path for global registrations.

Subsidiaries and Joint Ventures:
Syngene International Limited:

Syngene International Limited is a wholly owned subsidiary of your Company focused on Custom Research & Synthesis. In March 2009, Syngene opened a fully dedicated research and development facility for Bristol-Myers Squibb, USA (BMS). The 200,000 square-foot facility is located at Biocon Park. During the year under review Syngene increased its headcount to 1,240 from 908 in the previous year.

For the current financial year, Syngene registered a 29% growth in revenues from Rs 1,604 million in the previous year to Rs 2,065 million.

Operational margin (EBITDA) increased from Rs 517 Million to Rs 606 Million representing a 17% increase. During the year, Syngene's profits were impacted by MTM loss of Rs 551 million due to volatility in the foreign currency rates. After considering the exceptional items, Syngene incurred a net loss of Rs 225 million for the year ending March 31, 2009.

Syngene earned net profit before exceptional items of Rs 326 million for the year as against Rs 331 million for the previous year. During the year, Syngene incurred MTM losses of Rs 551 million due to volatility in the foreign exchange rates. After considering the exceptional items, the company incurred a net loss of Rs 225 million.

Clinigene International Limited:

Clinigene International Limited is a wholly owned subsidiary of your Company focused on Clinical Development.

For the year under review, Clinigene registered revenues of Rs 330 million as against Rs 227 million in the previous year and earned a profit of Rs 45 million as against a profit Rs 24 million in the previous year.

Being a full-service clinical research organization, covering early- to late phase clinical development programs, Clinigene is well positioned to cater to clinical development requirements for its partners globally.

Biocon Biopharmaceuticals Private Limited:

Biocon Biopharmaceuticals Private Limited (BBPL) is Biocon's 51:49 JV with CIMAB SA, to manufacture monoclonal antibodies and other Recombinant Therapeutics. BBPL commenced full fledged operations only recently and has primarily been engaged in the manufacture of BIOMAb-EGFR™ for oncology application.

For the year under review, BBPL earned revenues of Rs 186 Million as against Rs 137 Million and pared its losses to Rs 51 Million from Rs 133 million in the previous year. During the ensuing financial year, it expects to receive product approvals for new indications and commence sales to global markets.

Biocon SA

In April 2008, Company incorporated a wholly owned subsidiary Biocon SA in Switzerland. Biocon SA is primarily engaged in development and marketing of biopharmaceuticals in the European region and has commenced Clinical Development of Insulin in the European markets. During the year, Biocon SA acquired 78% stake in AxiCorp GmbH.

Biocon SA, during the year has registered revenues of Rs 34 Million and recorded profit of Rs 29 Million.

AxiCorp GmbH:

AxiCorp is a specialized Pharma marketing and distribution company based in Germany. Biocon acquired 78% stake in AxiCorp GmbH through its wholly owned subsidiary Biocon SA.

For the current financial year i.e. from date of acquisition to December 2008, AxiCorp earned revenues of Rs 4,797 million and a profit of Rs 100 million. The year under review being the initial year of consolidation previous year's numbers are not applicable.

On a consolidated basis AxiCorp has contributed 29% to the group revenues and 7.5% to the group net profit.

NeoBiocon FZ LLC:

NeoBiocon FZ LLC. is a research and marketing pharmaceutical company based in Abu Dhabi. Incorporated in January 2008, NeoBiocon is a 50:50 joint venture with Dr. B.R.Shetty of NeoPharma.

During the year under review, NeoBiocon has set-up its operations and has successfully commenced marketing of oncology products in the GCC markets.

NeoBiocon is also in the process of obtaining regulatory approvals for an entire range of formulations and expects to launch the same.

Biocon Research Limited:

During the year, the Company formed a wholly owned subsidiary M/s. Biocon Research Limited to undertake discovery led development research work in biologics, antibody molecules and proteins.

Accounts of subsidiary companies:

The Company has obtained exemption from the Government of India, Ministry of Company affairs from attaching the financial accounts of the subsidiary companies to this Report pursuant to Section 212 of the Companies Act, 1956. However, a statement showing the relevant details of the Subsidiaries is enclosed and is a part of the Annual Report.

Capital Structure

During the year under review, the company issued Bonus shares in the ratio of one equity share for every equity share held by capitalizing the reserves in the securities premium. Correspondingly the paid-up share capital has increased from Rs 50 Crores to Rs 100 Crores.

Employees Stock Option Plan (ESOP):

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on 31 March 2009 are set out in the Annexure to the Directors' Report

Corporate Governance:

We strive to attain high standards of corporate governance while interacting with all our stakeholders. The Company has complied with the corporate governance code as stipulated under the listing agreement with the stock exchanges. A separate section on Corporate Governance along with a certificate from the auditors confirming the level of compliance is annexed and forms a part of the Directors' report.

Evaluation of Board Effectiveness:

The evaluation of the performance of the Board was carried out by Dr Neville Bain, Chairman of the Audit Committee to measure the effectiveness of the Board. Dr Bain has considerable experience in Board reviews and has carried out similar exercises for other companies in the United Kingdom and elsewhere.

The process included a tailored questionnaire which was circulated to each of the Board members and Core management team which covered leadership, board composition, board meetings, professional development of Board members, performance evaluation, management development, succession planning, and the control environment. The feedback from the review was provided in the form of a written report and presentation to the Board, which then discussed the findings.

The review concluded with final comments which showed overall confidence in the company and the Board's oversight of the performance against the strategic plan. There were no issues with the board composition and internal controls were considered robust. While there were no areas considered to be weak but there were areas where the processes and the emphasis given could be strengthened. Areas identified for improvement included management development, succession planning, quality and timeliness of board papers, induction process for new board members and continuing with the performance evaluation on an ongoing basis. The Board is currently implementing these improvements

Directors:

Mr. John Shaw and Mr. Suresh N. Talwar retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Auditors:

The Statutory Auditors M/s. S. R. Batliboi & Associates, Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting, and have confirmed their eligibility and willingness to accept office, if re-appointed.

Management Discussion and Analysis Report

The report as required under the Listing agreements with the Stock Exchanges is annexed and forms a part of the Directors' Report.

Cumulative disclosure under the stock option scheme as on 31st March 2009:

Disclosure of the particulars of stock options schemes as on the above date, as per SEBI guidelines:

Particulars	First Grant (Post Equity Share split and bonus)	Second Grant (Post Equity Share Split and Bonus)	Third Grant (Post Equity Share Split and Bonus)	Fourth Grant (Post Equity Share Split and Bonus)
a. i) Options Granted (Net of Options cancelled)	3,337,580	132,055	387,250	3,114,054
b. ii) Additional Options on account of bonus entitlement +	-	4,900	57,350	2,657,284
Exercise price i) Pre-bonus of 2008 ii) Post-bonus of 2008	Rs 0.2 N.A.	Rs 5 each Rs 2.5 each	Rs 315 each Rs 157.5 each	20% discount to Market Price
c. Options vested	3,337,580	136,955	426,450	2,176,578
d. Options exercised	3,337,580	129,605	238,775	179,280
e. Total number of Equity Shares to be transferred from the ESOP Trust as a result of exercise of options	3,337,580	118,825	238,775	27,380
f. Options lapsed	Nil	10,290	93,500	977,332
g. Variation in the terms of options	None	None	None	None
h. Money realized by exercise of options	Rs 678,016	Rs 589,225	Rs 74,938,500	Rs 46,458,500
i. Option pending exercise	Nil	7,840	112,950	1,997,298
j. Total number of options in force	Nil	7,840	112,950	5,293,888
k. Person-wise details of options granted to:				
i) Directors and key managerial employees	Please see Table (1) below for details regarding options granted to Directors and key managerial employees	Nil	Nil	Please see Table (1) below for details regarding options granted to Directors and key managerial employees
ii) any other employee who received a grant in any one year amounting to 5% or more of the options granted during that year	Nil	Nil	Nil	Nil
iii) Identified employees who have been granted options during any one year equal to or exceeding 1% of the issued apital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil
l. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares
m. Vesting schedule	25% each in April of 2003, 2004, 2005 and 2006.	25% each in January of 2005, 2006, 2007 and 2008.	25% each in April of 2005, 2006, 2007 and 2008.	Year 1 -25% Year 2 -35% Year 3 - 40% (Year 1 being 3 years from Date of joining or 1 year from July 19, 2006, whichever is later)
n. Lock-in	No lock-in, subject to a minimum vesting period of 1 year.	No lock-in, subject to a minimum vesting period of 1 year.	No lock-in, subject to a minimum vesting period of 1 year.	No lock-in, subject to a minimum vesting period of 1 year.

+ Consequent to the issue of bonus shares in the ratio 1:1 on Sept 15, 2008, employees who had not exercised their options would be entitled for bonus based on ESOP Plan (Eligibility for corporate action).

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Table (1) details regarding options granted to Directors and key managerial employees are provided below:

Sl. No.	Name of Director or key managerial personnel	First Grant (Post Equity Share split and bonus) (No. of Options Granted)	Fourth Grant (Post Equity Share split and bonus) (No. of Options Granted)
Directors			
1.	Dr. Neville Bain	195,902	Nil
2.	Prof. Charles Cooney	195,902	Nil
Key managerial employees (of the group)			
3.	Dr. Arun Chandavarkar	195,902	Nil
4.	Mr. Shrikumar Suryanarayanan	195,902	Nil
5.	Mr. Murali Krishnan K N	195,902	Nil
6.	Dr. Goutam Das	195,902	Nil
7.	Mr. Rakesh Bamzai	122,430	Nil
8.	Mr. Chinappa M B	122,439	75,000*

**Adjusted for 2008 Bonus issue.*

Fixed Deposits:
The Company has not accepted any fixed deposits from public.

Directors' responsibility statement:
Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirm as under:

In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

We have prepared the annual accounts on a going concern basis.

Particulars of Research and Development, Conservation of energy, technology absorption etc:
Particulars required under Section 217 (I) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to the Report.

Particulars of employees
The information required to be furnished under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is annexed and is a part of this report.

Acknowledgements
Your Directors greatly appreciate the commitment and dedication of all the employees at all levels that has contributed to the growth and success of the Company. We would also thank all our clients, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

Your Directors thank the Government of India, Government of Karnataka, Ministry of Commerce and Industry, Ministry of Finance, Ministry of Information Technology and Biotechnology, Customs and Excise Departments, Income Tax Department, CSEZ and all other Government agencies for their support during the year and look forward to their continued support in the future.

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairman and Managing Director
April 28, 2009

John Shaw
Vice Chairman

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Annexure to the Directors' Report

Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March 2009

A. Conservation of Energy

During the year, the Company has taken significant measures to reduce the energy consumption by using energy-efficient machines and equipment.

FORM A

	For the year ended March 31, 2009	For the year ended March 31, 2008
A. Power and Fuel Consumption		
1. Electricity		
a. Electricity Purchase Unit (000)	77,280	55,288
Total Amount (Rs in lakhs)	3,620	2,464
Rate per Unit	4.68	4.46
b. Own Generation from		
Diesel Generator Unit (000)	16,493	38,009
Total Amount (Rs in lakhs)	1,490	3,194
Rate per Unit	9.04	8.4
2. Furnace Oil		
Unit (K. Ltrs)	7,150	8,536
Total Cost (Rs in lakhs)	1,766	1,696
Average/K. Ltrs	24,695	19,869

B. Consumption per unit of Production

The disclosure of consumption figures per unit of production is not meaningful as the operations of the Company is not power intensive and involves multiple products.

FORM B

1. Specific areas in which R&D work has been carried out by the company

- Process and Clinical Development of Novel Biotherapeutics in Oncology, Diabetes, Rheumatology and Cardiovascular segments.

- Process and Clinical Development of Biosimilars in Oncology, Metabolic disorders, Diabetes, Rheumatology and Cardiovascular segments.

- Development of Synthetic and Fermentation based Generic Small Molecules for Anti-infective, Cardio-vascular, Nephrology and Transplantation segments.

- Generation of Intellectual Property Development – Process Patents for manufacture of key Generic Small Molecules and Biotherapeutics and unraveling the mechanism of action of novel biotherapeutics

- Development of globally competitive manufacturing processes

- Clinical Development of new drug combinations

2. Benefits derived as a result of R&D activities.

- Scale-up of key Biosimilars with improved productivity and process efficiencies

- Strategic collaborations for development of new Biotherapeutics

- Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets

- Rich Pipeline of Generic Small Molecules catering to varied therapeutic areas

- Internationally competitive prices and product quality

- Generation of high quality data compliant with International Regulatory requirements

- Established intellectual property with 924 Patents/ PCT applications filed in Indian and International markets

- Safe and environment friendly processes

3. Future Plan of Action.

- Greater importance in the research areas of New Drug Discovery

- Clinical Development of existing pipeline of Biotherapeutics for Regulated markets

- Strategic Collaborations for increased speed and cost competitiveness in Drug Discovery

- Continued emphasis on Monoclonal Antibodies and Biotherapeutics leveraging on Biocon's in-house process development and analytical skills

- Continue to strengthen R&D capabilities in the area of New Biotherapeutics

- Progress our R&D programs in respect of Monoclonal antibodies against CD6, EGFR, CD20 and Oral insulin

4. Expenditure on scientific Research & Development:

Rs in million

	March 31, 2009	March 31, 2008
(a) Capital	146	175
(b) Recurring	598	471
Total	**744**	**646**
Total R & D expenditure as percentage of sales	7.5%	6.9%

5. Technology Absorption, Adoption and Innovation:

No technology was imported by the Company during the year.

6. Foreign Exchange earnings and outgo:

Foreign exchange earned and used for the year ended March 31, 2009.

Rs in million

	March 31, 2009	March 31, 2008
Gross Earnings	4,718	5,226
Outflow*	3,362	3,255
Net foreign exchange earnings	**1,356**	**1,971**

**For details please refer to information given in the notes to accounts to the annual accounts of the Company in Schedule 23 Notes to accounts Item (d) (iv) to (vii).*

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Holding Company's interest in the Subsidiary Companies

	Syngene International Limited	Clinigene International Limited	Biocon Biopharmaceuticals Private Limited	Biocon Research Limited	NeoBiocon FZ LLC	Biocon SA	AxiCorp GmbH
Financial year of the subsidiary ended on	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	December 31, 2008
1. (a) Number of shares held by Biocon Limited at the end of the above date	28,74,830 equity shares of Rs 10/- each	50,000 equity shares of Rs 10/- each	6,732,000 equity shares of Rs 10/- each	500,000 equity shares of Re 1/- each	150 equity shares of 1,000/- AED each	100,000 equity shares of 1/- CHF each	177,100 equity shares of 1/- Euro each
(b) Extent of interest on above dated	99.99%	100%	51%	100%	50%	100%	71%
2. Net aggregate amount of the Subsidiary Company's Profit/ (Loss) so far it concerns members of the Holding Company and							
(a) is not dealt in the Company's account							
(i) for the financial year ended March 31, 2009	(224,950)	45,302	(26,385)	-	(1,987)	29,479	71,143
(ii) for the previous financial years, since it became a subsidiary	1,716,420	(27,342)	(165,231)	-	(2,349)	-	-
(b) is dealt in the Company's account							
(i) for the financial year ended March 31, 2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) for the previous financial years, since it became a subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Management's Discussion and Analysis

(All amounts in Indian Rupees thousands, except share data including share price and amounts expressed in foreign currency)

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The global pharmaceutical market was $770 billion in 2008 (IMS data) and biotechnology drugs/biologics accounted for $120 billion and generics for $80 billion of the global market. The three top therapeutic categories were CNS drugs at $118 billion, cardiovascular drugs at $ 105 billion and Cancer drugs at $70 billion of sales. In biologics the top three categories were monoclonal antibodies at $33 billion, Vaccines at $24 billion and TNF inhibitors at $18 billion sales in 2008.

2. OUTLOOK

Global pharmaceutical sales is expected to rise at a lower rate of 4.5%-5.5% this year to top $820 billion, but the US market will grow by 4% to reach $292-$302 billion, as per the US National Association of Pharmaceutical Representatives (NAPRx).

Initial expectations for growth in the US market of 4%-6% have been revised downward because of the economic climate, and also reflect continuing patent expiries and fewer new product launches this year. Nevertheless, the healthcare industry "continues to be a star in the US economy," says NAPRx, which is the largest US trade association for pharmaceutical sales people.

The top five European Union (EU) countries - France, Germany, Italy, Spain and the UK are expected to grow 3%-4% this year, reaching sales of $162-$172 billion. EU-wide growth will be driven by the aging population and rising demand for preventive care but tempered by the increased impact of Health Technology Assessments (HTAs), the use of contracting by payers as a means of controlling costs and the decentralisation of government healthcare budgets.

It is estimated that Japan, the world's second-largest market, will see higher growth, between 4%-5% to $84-$88 billion, boosted by approvals for new anti-cancer agents, disease prevention programs and the absence this year of the government's biennial price cuts.

The "pharmerging" markets - China, Brazil, India, South Korea, Mexico, Turkey and Russia - are expected to grow at a combined rate of 14%-15%, producing overall sales of $105-$115 billion. Along with the pharmaceutical industry's growing focus on these high-growth markets, they are benefiting from increased government spending on healthcare and broader public and private healthcare funding, which is driving greater access to and demand for innovative medicines.

3. OPPORTUNITIES

The surge in generics together with the expected patent expiry of key immunosuppressant drugs provides Biocon with attractive opportunities in the near to medium term. In addition the opening up of bio-similars in US and Europe is seen as a large opportunity in the medium term. Success in Biocon's Research and Development initiatives into new drug discovery could also yield significant benefits.

4. RISKS & CONCERN

The Generic Industry is subject to patent litigation and regulatory issues. Patent challenges or delay in receipt of regulatory approvals could delay our product launch in key markets. In addition significant additional competition in key products could erode our market shares and result in reduced prices and profitability. The consolidation of the generic industry could result in larger generic players acquiring manufacturing capabilities thereby reducing the market for third party manufacturers. The failure to obtain regulatory approval for new drugs under development could affect long term business opportunities. Other key risks related to our business include loss of key personnel, increase in input costs and adverse movement of the Indian Rupee against the US Dollar.

The Company carries out a detailed Risk Management exercise or purposes of identification of risks and putting in place processes and controls to mitigate these risks. The audit committee reviews the Company's risk management framework and approves risk management action plans.

5. INTERNAL CONTROLS

Biocon has well established internal control systems for operations of the company and its subsidiaries. The Finance Department is well staffed with experienced and qualified personnel who play an important role in implementing and monitoring the internal control environment and compliance with statutory requirements.

The Internal Audit is conducted by an independent firm of Chartered Accountants.

The Audit committee addresses significant issues raised by the Internal & Statutory Auditors.

6. HUMAN RESOURCES:

Biocon recognizes that nurturing and recruiting the best talent is vital to the long term success of the enterprise. Employees are provided with continuous opportunities for active learning and development which are viewed as key drivers of their personal growth and the success of Biocon. The remuneration structure links rewards directly with performance. This performance management system reinforces our work ethics. Employees also participate in the Employee Stock Option Plan and about 10% of the Company is owned by Employees and a Trust formed for the benefit of Employees.

The total employee strength of the Company and its subsidiaries as at March 31, 2009 was 3,673 as against 2,772 at the end of the previous financial year.

7. CAUTIONARY STATEMENT:

The statements made in this report and those appearing elsewhere, may be "forward looking statements" that set forth anticipated results based on management plans and assumptions. These statements are likely to address the Company's growth strategy, financial results, product development, product approvals, product potential and development programs. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Among the factors that could cause actual results to differ materially are:

a. success of our research and development initiatives ;

b. the impact of existing and future regulatory provisions on product exclusivity ;

c. competitive developments affecting our product portfolio ;

d. interest rate and foreign currency exchange rate fluctuations ;

e. statutory legislations and regulations affecting domestic and foreign operations, including tax obligations; and other allied factors

8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT OF OPERATIONAL PERFORMANCE

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India.

BALANCE SHEET - MARCH 31, (All amounts in Indian Rupees thousands)

	2009	2008	Change %
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1,000,000	500,000	100%
Reserves and Surplus	12,748,753	12,781,963	0%
	13,748,753	13,281,963	4%
Loan Funds			
Secured loans	1,014,565	892,634	14%
Unsecured loans	624,862	546,219	14%
	1,639,427	1,438,853	14%
Deferred Tax Liability	410,408	398,237	3%
	15,798,588	**15,119,053**	**4%**
APPLICATION OF FUNDS			
Fixed Assets			
Cost	9,486,156	8,525,081	11%
Less: Accumulated depreciation	2,733,315	2,006,485	36%
Net book value	6,752,841	6,518,596	4%
Capital work-in-progress	376,872	646,341	-42%
	7,129,713	7,164,937	0%
Intangible Assets	388,850	276,000	41%
Investments	3,466,855	4,772,602	-27%
Current Assets, Loans and Advances			
Inventories	1,945,224	1,677,350	16%
Sundry debtors	3,101,713	2,256,629	37%
Cash and bank balances	60,427	81,244	-26%
Loans and advances	2,662,748	1,235,457	116%
	7,770,112	5,250,680	48%
Less: Current Liabilities and Provisions	2,956,942	2,345,166	26%
Net Current Assets	4,813,170	2,905,514	66%
	15,798,588	**15,119,053**	**4%**

Share Capital (Issued, Subscribed & Paid up)

Year ended March	2009		2008	
	Nos.	Amount	Nos.	Amount
Balance at the beginning of the year	100,000,000	500,000	100,000,000	500,000
Bonus Share issued during the year	100,000,000	500,000	-	-
Balance at the end of the year	200,000,000	1,000,000	100,000,000	500,000

The company has only one class of shares viz. equity shares of par value of Rs 5 each. The authorized share capital of the company was raised from Rs 20,000 in 2002-03 to Rs 1,100,000 in 2008-09 represented by 220,000,000 equity shares of Rs 5 each.

The Company carried out a sub-division of equity shares of face value of Rs 10 each into 2 equity shares of Rs 5 each. Consequently, the issued, subscribed and paid -up capital of Rs 18,377 has been divided into 3,675,300 shares of Rs 5 each.

The Company in 2003-04 issued 86,324,700 equity shares of Rs 5 each as bonus shares in the ratio of 23.4877958 shares for every one share held to the shareholders existing as on November 11, 2003, which was the approved record date for this purpose, by capitalisation of the balance in the profit and loss account of Rs 431,624.

In March 2004, the Company made an IPO of 10,000,000 fresh equity shares of Rs 5 each at a price of Rs 315 per share.

The Company in 2008-09 allotted 100,000,000 equity shares of Rs 5 each as bonus shares in the ratio of one share for every one share held to the shareholders on September 15, 2008 by capitalisation of reserves in the securities premium account of Rs 500,000.

Reserves and surplus

The total reserves and surplus has decreased from Rs 12,781,963 in March 31, 2008 to Rs 12,748,753 in March 31, 2009 due to capitalisation of reserves to the extent of Rs 500,000 for issue of bonus shares.

Other movements are on account of net profits made during the year of Rs 1,117,997, net of exceptional item of Rs 920,124,(which is on account of MTM loss), adjusted for the proposed dividend of Rs 701,970 inclusive of Dividend distribution tax.

Loan funds

There has been an increase in the loans outstanding from Rs 1,438,853 in March 2008 to Rs 1,639,427 in March 2009.

Secured loans increased by Rs 121,931 on account of increase in borrowings.

Unsecured loans increased by 78,643 primarily on account of accumulation of interest free deferred sales tax liability in respect of sales made during the year. The deferred sales tax liability outstanding to the extent of Rs 1,392 is repayable in four years in eight equal half yearly installments commencing from August 2007. The sales tax liability outstanding to the extent of Rs 610,158 deferred over a period of 12 years is repayable over five years in ten equal half yearly installments commencing August 2012.

During the year, the Department of Scientific and Industrial Research ('DSIR') has sanctioned financial assistance of Rs 17,000 to the Company for part financing one of it's research projects. Of the said sanctioned amount, the company has received the first installment of Rs 10,000 during the year. The Research project is ongoing and is expected to be commissioned in June 2009.The assistance is repayable in the form of royalty payments post commercialization of the product in five annual installments

Fixed Assets	2009	2008	%
Cost	9,486,156	8,525,081	11%
Less: Accumulated depreciation	2,733,315	2,006,485	36%
Net Block	**6,752,841**	**6,518,596**	**4%**
Net Asset turnover ratio	1.35	1.35	-
Add: capital work in progress	376,872	646,341	-42%
Net fixed assets	**7,129,713**	**7,164,937**	

During the year 2009, the Company has capitalized fixed assets to the extent of Rs 961,075. The Company has started depreciating these assets over their estimated useful lives during the year thereby resulting in an increase in accumulated depreciation.

The capital work in progress as at March 31, 2009 represents advances paid towards acquisition of fixed assets and the cost of assets not put to use.

The company has a capital commitment of Rs 106,501 as at March 31, 2009 as compared to Rs 391,260 as of March 31, 2008.

Investments

The Company as at March 31, 2009 held investments of Rs 3,466,855 as compared to Rs 4,772,602 as of March 31, 2008.

During the year, the Company formed a wholly owned subsidiary M/s. Biocon Research Limited to focus on research and development activities. The Company also formed a wholly owned subsidiary Biocon SA, Switzerland to focus on the research and market development in European region. During the year ended March '09, the Company has subscribed to 100,000 shares amounting to Rs 3,960.

Additional investments during the year include investment of Rs 50,750 in IATRICa Inc.

The company continues to hold its investments in 2 wholly owned subsidiaries Syngene and Clinigene and joint venture companies viz., Biocon Biopharmaceuticals Private Limited, Neo Biocon. The joint research collaboration program with Vaccinex is on stream and no further investments were made during the year ending March 31, 2009 by the Company.

Intangible Assets

In March, 2006 Company acquired patents relating to certain technologies for oral insulin, oral BNP and Apaza (collectively IP's) for a total cost of Rs 521,138 from Nobex.

In December 2007, as a matter of prudence, the Company recorded a total impairment of Rs 220,000, in respect of acquired by the Company during the year ended March 31, 2006, for drug development. The Company determined adverse reports and decline in sales trend of Natrear / Neseritide, a competing drug.

The Oral Insulin product is in the development stage, and hence no amortisation has been recorded by the Company.

During the year ended March 31, 2009, the Company acquired marketing rights for certain products from BBPL for a sum of Rs 128,850. These rights give the Company an exclusive right of marketing the products in certain territories. Pending receipt of regulatory approvals from the authorities of such countries, no amortisation has been recorded by the Company.

Current assets, loans and advances

The current assets, loans and advances have increased from Rs 5,250,680 to Rs 7,770,112, an increase of 48% over the previous year. This was mainly due to

-Increase in inventories from Rs 1,677,350 to Rs 1.945,224 largely on account of increase in purchase of raw materials and work-in-progress by Rs 33,671 and Rs 242,520 respectively as compared to the previous year.

-Sundry debtors stood at Rs 3,101,713 (net of provision for doubtful debts of Rs 56,231) as at March 31, 2009 as compared to Rs 2,256,629 (net of provision for doubtful debts of Rs 40,454) as at March 31, 2008. These debtors are considered good and realisable. Provision for doubtful receivables as on March 31, 2009 has been made for debtors overdue for more than 360 days subject to review of collectability of specific dues. Debtors represent an outstanding of 109 days and 99 days of revenue as at March 31, 2009 and March 31, 2008 respectively on a moving average of 3 month's sales Provision for doubtful debts represents 0.17% and 0.12% of gross sales for the year ended March 31, 2009 and March 31, 2008 respectively.

Loans and advances have increased from Rs 1,235,457 to Rs 2,662,748 as on March 31, 2009. This increase is mainly on account of increase in loan to subsidiary / joint venture company, which has increased from Rs 581,540 to Rs.2,024,938 and MAT credit entitlement of Rs 87,068.

Current liabilities and provisions

The current liabilities and provisions have increased by 26 % from Rs 2,345,166 as at March 31, 2008 to Rs 2,956,942 as at March 31, 2009. This increase is primarily due to proposed dividend of Rs 600,000 (60%, post bonus share capital) for the year ended March 31, 2009 as against 500,000 (100%) in the previous year and deferred revenues of Rs 484,424.

Revenues

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008	%
INCOME			
Gross sales	9,291,494	8,587,496	8%
Less: Excise duty	257,134	266,657	-4%
Net sales	9,034,360	8,320,839	9%
Licensing and Development fees	89,005	448,413	-80%
Other income	747,738	522,752	43%
	9,871,103	**9,292,004**	**6%**
EXPENDITURE			
Material costs	4,041,146	3,914,284	3%
Employee costs	820,641	696,263	18%
Operating and other expenses	2,075,027	1,900,804	9%
Interest and finance charges	49,371	28,698	72%
	6,986,185	**6,540,049**	**7%**
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAXES	**2,884,918**	**2,751,955**	**5%**
Depreciation and Amortisation (net of transfers)	742,830	689,980	8%
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS	**2,142,088**	**2,061,975**	**4%**
Provision for Income Tax			
Current Tax	164,394	93,036	77%
Less: MAT Credit Entitlement	(87,068)	-	N.A.
Deferred taxes	12,171	668	1722%
Fringe benefit tax	14,470	12,680	14%
PROFIT AFTER TAXES AND EXCEPTIONAL ITEMS	**2,038,121**	**1,955,591**	**4%**
EXCEPTIONAL ITEMS NET OF TAX	(920,124)	2,393,654	-138%
NET PROFIT FOR THE YEAR	**1,117,997**	**4,349,245**	**-74%**
Balance brought forward from the previous year	7,704,962	4,375,617	76%
PROFIT AVAILABLE FOR APPROPRIATION	**8,822,959**	**8,724,862**	**1%**
Proposed dividend on equity shares	600,000	500,000	20%
Tax on proposed dividend	101,970	84,975	20%
Transfer to general reserve	111,799	434,925	-74%
BALANCE, END OF THE YEAR	**8,009,190**	**7,704,962**	**4%**

Biocon's total income for the year ended March 31, 2009 has three components:

- Sales of Biopharmaceuticals products;
- Technical Licensing fees; and
- Other income.

The following table sets out the contribution of each of these components of Biocon's income expressed as a percentage of Biocon's total income for the years ended March 31, 2009 and March 31, 2008:

Sales	2009	2008
Sale of Products		
Biopharmaceuticals	91.5%	84.6%
Enzymes	-	4.9%
Technical Licensing Fees	0.9%	4.8%
Other Income	7.6%	5.6%
Total Income	**100.0%**	**100.0%**

Share of revenues from net sales between domestic and export markets are as follows:

Share of revenues	2009	%	2008	%
Domestic	4,405,521	48.8%	3,544,564	42.6%
Exports	4,628,839	51.2%	4,776,275	57.4%
Total	**9,034,360**	**100.0%**	**8,320,839**	**100.0%**

Biocon's net sales grew by 8% to Rs 9,034,360 in 2008-09 while the total income grew by 6% to Rs 9,871,103. Company's export revenues from product sales have decreased by 3%, and domestic sales have increased by 24%. The increase in domestic sales are mainly driven by increase in sale of bio-pharmaceutical products.

Segment and product-wise performance

The segmentation of Biocon's sales is as follows:

	2009	%	2008	%
Biopharmaceuticals	9,034,360	100.0%	7,863,823	94.5%
Enzymes	-	-	457,016	5.5%
Total	**9,034,360**	**100.0%**	**8,320,839**	**100.0%**

There was no sale from Enzymes in fiscal 2009 since the Company divested the enzymes business effective 1st October 2007.

Bio-pharmaceuticals

In Pharma, we focus on the manufacture and marketing of APIs that require fermentation and synthetic chemistry skills. Our biopharmaceuticals business contributed 100% & 94.5% of our sales in 2008-09 and 2007-08 respectively.

Statins:

Statins are cholesterol-lowering agents used to treat and prevent coronary diseases and are amongst the largest selling drugs worldwide. The Company's statins portfolio presently comprises lovastatin, simvastatin, pravastatin, atorvastatin besides other statins under development. Biocon is currently exporting simvastatin to the US, Europe, Japan and Canada, lovastatin to the U.S. and pravastatin to the US and European markets. Company continues to have pricing pressure in this segment due to increased competition and changing industry price dynamics.

The US patent for Simvastatin and Pravastatin expired during fiscal 2007 and the company has commenced exports to USA in the 2nd half of fiscal 2007.

Immunosuppressants:

Immunosuppressants prevent organ and tissue rejection in transplants and require high technology based manufacturing capabilities. Currently Biocon produces mycophenolate mofetil (MMF), sirolimus and tacrolimus. In addition to the sales of MMF and tacrolimus in domestic market, company has also commenced the exports to US Market and certain countries in the EU region. Company has filed a DMF for MMF, tacrolimus and sirolimus to address the US markets following patent expiry.

Other biopharmaceutical products:

Biocon also supplies a range of other Biopharmaceutical products. Biocon markets recombinant human insulin in India under its own brand name INSUGEN and has also registered the Insulin in several export markets. In addition Biocon has supply arrangements with Pharma Majors and device companies to supply recombinant human insulin for use in their novel insulin formulations. Some of these delivery systems are undergoing clinical trials.

Sale of Formulations:

Biocon has a dedicated marketing team for finished formulations. This segment, though in the nascent stage, has been growing rapidly. With a focus on the anti-diabetic and cardio-vascular market, Biocon's own insulin brand 'Insugen' is also marketed by the formulation team. The formulation segment currently has a team which comprises of field staff spread across the country, with sales registering impressive growth in fiscal 2009 as compared to fiscal 2008. During the year,

Technical Licensing Fees

These fees represent income received by Biocon towards transfer of proprietary technology in respect of certain bio-generics under long term contracts. They also include fees received by Biocon towards out-licensing it's proprietary products. During the year, company has registered licensing income of Rs 89,005, which was much lower compared to Rs 448,413 realised in the previous year, driven in slowdown in world economy.

Other Income

The Other income has registered a increase of 43% compared to the previous year. Other income consists primarily of dividend income from investment amounting to Rs 215,945 as compared to Rs 138,746 in fiscal 2008. It also includes service charges billed to other companies in the area of utilities which has increased from Rs 169,202 in the fiscal 2008 to Rs 303,355 in the fiscal 2009.

Material costs

Material costs include Biocon's consumption of raw materials and traded goods and increases or decreases in stock.

Materials costs have increased by 3.2% from Rs 3,914,284 to Rs 4,041,146 over the previous year. But as a percentage of sales, the material cost has decreased by 2.3% mainly on account of increased manufacturing activity.

Employee costs

Staff cost comprises:

- Salaries, wages, allowances and bonuses;
- Contributions to provident fund;
- Contributions towards gratuity and leave provisions;
- Amortisation of Employees stock compensation expenses, and
- Welfare expenses (including employee insurance schemes, school tuition program and other miscellaneous employee benefits)

Staff costs have increased from Rs 696,263 for the fiscal year 2008 to Rs 820,641 for the fiscal year 2009. The increase in employee costs is due to

a. Increase in gratuity and leave provisions;

b. Staff salary increment

c. Addition to employees

Operating and other expenses

Operating and other expenses comprises of rent; traveling and conveyance; communication; professional charges; power and fuel; patent fees; consumables; repairs and maintenance; general expenses; freight outwards; sales promotion; commissions; bad debts write off; provisions for bad and doubtful debts; printing and stationary; insurance; rates, taxes and fees; and losses on sales of assets.

Operating and other expenses have increased by 9% from Rs 1,900,804 for the year 2008 to Rs 2,075,027 for the year 2009 mainly on account of

a. 28% increase in Lab Consumables from Rs 87,483 to Rs 112,205, due to increase in research activity.

b. 48% increase in research and development expenses from Rs 191,169 to Rs 283,002 in the previous year on account of increase in our ongoing research initiatives across projects

c. 10% increase in selling expenses from Rs 314,246 to Rs 346,660 on account volume increase.

d. 8% decrease in Power and fuel charges from Rs 761,171 to Rs 712,231

Interest and Finance Charges

Interest and finance charges have increased from Rs 28,698 in fiscal 2008 to Rs 49,371in fiscal 2009 due to increase in average borrowings to finance the working capital.

Depreciation

During the year depreciation has increased by Rs 52, 850 amounting to an increase of 8% over fiscal 2008 on account capitalization of assets. This cost as a percentage of sales has also increased from 7.4 % in fiscal 2008 to 7.5% in fiscal 2009.

Provision for Taxes

Provision for current, fringe benefits and deferred taxes in the year ended March 31, 2009 was Rs 103,967 as against Rs 106,384 in fiscal 2008. Tax reversal on MTM losses was Rs 77,326.

Net Profit

Net profit for fiscal year 2009 before exceptional items has increased by 4% to Rs 2,038,121. Post Mark to Market losses on account of foreign exchange forward contracts, net profit stood at Rs 1,117,997, resulting in basic EPS of Rs.5.8 per share.

Liquidity

Our primary liquidity needs have been to finance our working capital requirements and our capital expenditures. These costs have been funded principally by cash flows from operations and short term borrowings.

	2009	2008
Net cash generated from operating activities	1,159,899	2,648,634
Net cash used for investing activities	(746,332)	(2,661,632)
Net cash generated from/(Used) in financing activities	(434,384)	18,963
Net increase/(decrease) in cash and cash equivalents	(20,817)	5,965

As at March 31, 2009, cash and cash equivalents amounted to Rs 56,561. The principal source of cash and cash equivalents in fiscal 2008 was from cash flows from operations amounting to Rs 1,091,946 which was partly invested in fixed assets to the extent of Rs 839,132.

Operating activities

Net Cash flows from operating activities for fiscal 2009 decreased by 56% over fiscal 2008. This is due to sale of Enzyme business in fiscal 2008 and increase in working capital during the year.

Investing activities

The Company's cash flows from investing activities were used primarily to fund purchase of fixed assets and trade investments.

Financing activities

The net cash outflows from financing activities are due to decrease in short term borrowings.

PERFORMANCE OF SUBSIDIARIES

Syngene International Limited

Syngene is a 99.99% owned subsidiary of Company. Syngene was incorporated on November 18, 1993. Syngene works in two main research areas: Synthetic chemistry and molecular biology. Syngene is also involved in custom chemical synthesis.

In March, 2009, Syngene opened a fully dedicated research and development facility for Bristol-Myers Squibb (BMS). The 200,000 square-foot facility is located in Biocon Park and employs 270 researchers, to help BMS's discovery and early drug development efforts.

Syngene's total income primarily consists of net sales from contract research services and sales of compounds. Substantially all Syngene's contracts are based on time and material management. Revenue from these contracts is recognised as and when services are rendered, in accordance with the terms of the contract. Syngene's total revenue has increased from Rs 1,604,283 to Rs 2,064,815 representing a growth of 29%. This growth in revenue is on account of increase in the number of clients.

Syngene's expenses mainly comprise of raw-material costs and staff costs. Raw material cost consists of lab consumables used for research. The increase in revenue was mainly offset by increase in material cost by 8% from Rs 483,715 in fiscal 2008 to Rs 524,175 in fiscal 2009 and a 44% increase in staff costs from Rs 366,834 to Rs 527,074. Increase in material cost and staff cost are due to increased business and increase in head count. Other costs increased by 72% from Rs 236,439 to Rs 406,831 in the fiscal 2009.

Net profit before exceptional items for fiscal 2009 has decreased by Rs 4,974 to Rs 326,798 from Rs 331,772 primarily due to increase in depreciation by Rs 72,669. During the year Syngene incurred Mark to Market loss of Rs 551,761 due to adverse exchange fluctuation resulting a net loss of Rs 224,963.

Abbreviated profit and loss statement - Syngene

	2009	2008
Total Income	2,064,815	1,604,283
Profit before tax before exceptional items	344,009	354,652
PBT Margin	16.7%	22.1%
Profit after tax before exceptional items	326,798	331,772
Net Margin	15.8%	20.7%
Exceptional Items	(551,761)	-
Profit/(Loss) after tax	(224,963)	331,772

Syngene contributes 12.3% to the consolidated income and 12.4% to the consolidated profits (from Operations) of the group. In the previous year, Syngene contributed 14.7% and 14.8% to the consolidated income and profits of the group respectively.

Clinigene International Limited

Clinigene is a 100% owned subsidiary of Biocon Limited. Clinigene was incorporated on August 4, 2000 with an authorised share capital of Rs 5,000. Clinigene was established to undertake clinical and other trials and validation for drugs and pharmaceuticals and to conduct research in the area of medical sciences for development of new and improve upon existing medical diagnostic, surgical and therapeutic techniques.

Clinigene's total income principally consists of income from clinical research fees and also Bio-analytical and Bio-equivalence studies. Clinigene enters either into time and material contracts and/or fixed price arrangements. Revenue from time and material contracts are recognised on a monthly basis as services are rendered in accordance with the terms of the applicable contracts. Revenue from fixed price contracts is recognised based on the percentage completion method. Total revenue of Clinigene increased from Rs 227,163 in fiscal 2008 to Rs 330,520 in the fiscal 2009, primarily on account of increase in clinical research fees.

Clinigene's expenses comprise of research material costs, consultancy fees, staff cost, other operating expense, interest cost, depreciation and provisions for fringe benefit tax. Consultancy fees has increased by 2% from Rs 11,075 to Rs 11,316 as compared to 2008. Clinigene's staff cost has increased by 24% from Rs 47,147 to Rs 58,339 as compared to previous year. Interest expenses have decreased from Rs 9,807 to Rs 7,594 on account of repayment of term loan. As at March 31, 2009, it has wiped out all the accumulated losses and has carried forward a profit of Rs 14,095.

Profit for the year ended March 31, 2009 of Rs 45,302 as against Rs 23,739 in the previous year ,has been consolidated with the profits of the group in the consolidated financial statements.

Biocon Biopharmaceuticals Private Limited

Biocon Biopharmaceuticals Private Limited is a 51% joint venture company with CIMAB. BBPL was incorporated on June 17, 2002 and currently has an authorised share capital of Rs 440,000. Currently paid-up share capital of the company is Rs 176,000.

For the year under review, BBPL earned revenues of Rs 185,590 as against Rs 137,057 in the previous year. BBPL commenced full fledged operations only recently and for the year under review incurred a loss of Rs 51,736 as against a loss of Rs 133,121 in the previous year.

As at March 31, 2009, BBPL has accumulated losses of Rs 377,347.

NeoBiocon

NeoBiocon FZ LLC. is a research and marketing pharmaceutical company based in Abu Dhabi. Incorporated in January 2008, NeoBiocon is a 50:50 joint venture with Dr. B.R.Shetty, Managing Director of NeoPharma.

During the current year, NeoBiocon has set-up its operations and has successfully launched Oncology products in UAE.

Financials of NeoBiocon were consolidated based on the Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements issued by ICAI. Accordingly, only 50% of the operations incorporated for the consolidation purpose. NeoBiocon registered a turnover of Rs 4,251 and incurred loss of Rs 3,974 for the year ending March 31, 2009.

IATRICa Inc

Biocon has made a strategic investment of Rs 90,370 in a US based research company IATRICa Inc to jointly develop novel immunoconjugates for the treatment of cancer and infectious disorders.

The research initiatives of IATRICa are underway and it has initiated work on two new molecules.

Biocon held a 22% stake in IATRICa and has provided for a sum of Rs 7,199 towards share of losses of IATRICa in the consolidated financial statements.

Biocon SA

During the year, the Company incorporated a wholly owned subsidiary Biocon SA in Switzerland. The company was incorporated with a capital of 100,000 CHF. Biocon SA was formed with primarily objective of development and marketing of biopharmaceuticals and pursue investment opportunities in Biopharmaceutical sector in EU region.

Biocon SA, during the year has registered revenues of Rs 33,730 and recorded profit of Rs 29,479.

AxiCorp GmbH

During the year, Biocon SA acquired 71% stake in Axicorp GmbH, a company incorporated in Germany. AxiCorp is a specialized marketing and distribution company established in 2002 by a group of industry experts to address the lucrative generics and parallel distribution market in Germany. AxiCorp is ISO 9001certified and works on a differentiated distribution model which is aligned to the radically altered way the German pharmaceutical market currently functions.

Axicorp operations consolidated with Biocon with a 3 month lag and consolidated from April 2008 to December 2008. The company registered revenue of Rs 4,797,341 and recorded a profit after tax of Rs 99,641. Previous year's numbers are not applicable since current year is the initial year of consolidation.

On a consolidated basis AxiCorp has contributed 29 % to the group revenues and 7.5 % to the group profits.

Consolidated financial statements

Biocon has prepared the consolidated financials in accordance with Indian GAAP by consolidating its subsidiaries – Syngene, Clinigene, Biocon Research, Biocon SA and AxiCorp and Joint Ventures BBPL and Neo Biocon and associate company IATRICa Inc. The abbreviated consolidated Indian GAAP profit and loss account is as under:

Abbreviated consolidated profit and loss statement - Indian GAAP

	2009	2008
Total Income	16,732,254	10,902,049
Profit before tax (PBT)	2,599,991	2,310,927
PBT margin	15.5%	21.2%
PAT after minority interest, before exceptional items	2,403,102	2,245,440
Net margin	14.3%	20.6%
Exceptional Items	(1,471,885)	2,393,654
Profit after Tax	931,217	4,639,094

Annexure to Directors' Report

Sl. No.	Name Designation & Nature of Duties	Age	Remuneration Rs	Qualification & Experience	Date of Commencement of employment	Last employment
1.	Dr. Arun Chandavarkar Chief Operating Officer	48	12,188,655	Ph.D 18 Years	8-Nov-90	—
2.	Mr. Akash Puranik General Manager	36	3,545,264	B Pharm., M.Sc.(Tech) 13Years	21-Jul-97	Technical Sales Officer Khandelwal Lab Ltd. Mumbai
3.	Dr. Anuj Goel Chief Sci.Manager	44	2,527,468	Ph.D 13Years	15-Apr-96	—
4.	Mr. Anindya Sircar General Manager	40	4,659,092	M.Sc., Ph.D (Micro)., Ph. D (Law) 12 Years	3-Mar-97	—
5.	Ms. Arpita Sengupta Senior Manager	39	2,454,204	BA(Hons) 15 Years	1-Jun-04	Account Director Brand. Comm
6.	Mr. Atul Raja Senior Manager	42	2,443,985	B.Sc, MBA 15 Years	27-Oct-07	DGM - Marketing Bharti Airtel Ltd.
7.	Mr. Harish V Iyer General Manager	40	3,575,440	Ph.D 14 Years	18-Dec-01	Senior Scientist IDEC Pharmaceuticals, Inc
8.	Mr. John Shaw Vice Chairman	60	7,368,900	M.A (Hons) 37 Years	1-Apr-99	President-Berghaus International Fashion Group, Holland
9.	Mr. Kedarnath N Sastry Chief Sci.Manager	54	3,144,564	Ph.D 28 Years	1-Feb-01	R&D - Director Bangalore Genei Pvt.Ltd.
10.	Ms. Kiran Mazumdar Shaw Chairman & Managing Director	56	11,283,803	B.Sc (Hons), PGD in Malting & Brewing 34 Years	1-Dec-78	Technnical Consultant Jupiter Breweries Ltd.
11.	Mr. Lourde Raj Joseph General Manager	44	2,479,865	DEE 23 Years	22-Jun-92	Maintenance In-charge Peninsula Process Foods Ltd.
12.	Mr. Murali Krishnan K N President	53	11,494,791	B.Com., (CA) 27 Years	9-Nov-81	—
13.	Mr. Prasad B S V General Manager	42	3,664,072	M.Sc., M.Tech 17 Years	15-Sep-99	Deputy Manager - Projects Gujarat Themis Biosyn Ltd.
14.	Mr. Rakesh Bamzai President	44	12,652,791	B.Sc 20 Years	19-Apr-95	Business Development Manager Advanced Biochemical Ltd.
15.	Mr. Radhakrishnan G General Manager	47	3,561,036	B.Sc, DBM, CNE, CNA, MCPS 23 Years	1-Jan-96	Director, CAMS Pvt. Ltd.
16.	Dr. Ramakrishnan MS Chief Sci.Manager	45	2,567,004	Ph.D 10 Years	4-Jan-99	—
17.	Mr. Ramalingeshwara Rao. K* General Manager	58	3,844,936	B.Sc. 30 Years	5-Mar-03	Director Business Development Novo Nordisk India Pvt Ltd.
18.	Mr. Ravi.C Dasgupta General Manager	45	3,621,360	B.Sc., PGD(PM&IR).,LLB 21 Years	23-Feb-07	Director - HR Allergan (I) Pvt.Ltd.
19.	Mr. Sandeep Rao General Manager	36	4,540,872	M.Sc, PGDM 10 Years	15-Jun-99	—
20.	Dr. Sriram A V General Manager	46	2,556,608	Ph.D 14 Years	22-Apr-03	Senior Scientist Indus Biotheraputics Ltd.
21.	Mr. Sreenivasan Raman General Manager	44	2,930,762	M. Tech 20 Years	7-Apr-04	Associate Director - Fermentation Ranbaxy Laboratories,
22.	Mr. Sundaresh S.R. General Manager	51	3,673,063	B,Sc, PGDBA 24 Years	2-Feb-04	Director - Commercial Maini Material Movement Pvt. Ltd.
23.	Dr. Srinivas P V Chief Sci.Manager	43	2,484,069	Ph.D 22 Years	16-Jul-07	Scientist - Indian Institute of Chemical Technology
24.	Mr. Shukrit S Chimote General Manager	35	2,495,450	M.S, MBA, MIA, 9 Years	2-Feb-08	Assoc. Director, Global Marketing Bristol Myers Squibb

**Employed for the part of the year.*

Annexure to Directors' Report

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance:

Biocon is committed to doing business in an efficient, responsible, honest and ethical manner. Good Corporate Governance goes beyond compliance and involves a Company wide commitment. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence in the best interests of all our stakeholders, in particular shareholders, employees and our customers in a balanced fashion with long term benefits to all.

The core values of the Company's governance process include independence, integrity, accountability, transparency, responsibility and fairness. The business policies are based on ethical conduct, health, safety and a commitment to building long term sustainable relationships.

Biocon is committed to continually evolving and adopting appropriate corporate governance best practices.

2. Board of Directors:

2. i. Composition:

The Board of directors comprises 7 members including two executive directors, five non-executive directors, of which four are independent directors. Kiran Mazumdar-Shaw is the Chairman and Managing Director of the Company and John Shaw is the Vice-Chairman. Kiran Mazumdar-Shaw and John Shaw conduct the day-to-day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are scientists, professionals and technocrats who are senior, competent and highly respected persons from their respective fields. The brief profile of the Company's Board of directors is as under:

Dr. Kiran Mazumdar-Shaw, 56 years, Chairman and Managing Director, is a first generation entrepreneur with more than 30 years experience in the field of biotechnology. After graduating in B.Sc. (Zoology Hons.) from Bangalore University in 1973, she completed her post-graduate degree in malting and brewing from Ballarat College, Melbourne University in 1975. She has been awarded with several honorary degrees including Honorary Doctorate of Science from Ballarat University, in recognition of pre-eminent contribution to the field of Biotechnology, 2004, Doctor of Technology from the University of Abertay Dundee, 2007, Doctor of Science from the University of Glasgow, 2008 and Doctor of Science from the Heriot-Watt University, Edinburgh, 2008. She is the founder promoter and has led the Company since its inception in 1978. She is currently the Director of Syngene International Limited, Clinigene International Limited, Biocon Biopharmaceuticals Private Limited, Biocon Research Limited, Glentec International, Narayana Institute for Advanced Research Private Limited and Narayana Hrudayalaya Private Limited. She is the recipient of several awards, the most noteworthy being the 'Padmabhushan' Award (one of the highest civilian awards in India) in 2005 conferred by the President of India, the Nikkei Asia Prize, 2009 for Regional Growth, Express Pharmaceutical Leadership Summit Award 2009 for Dynamic Entrepreneur, the Economic Times 'Businesswoman of the Year', the 'Veuve Clicquot Initiative for Economic Development For Asia, Ernst & Young's Entrepreneur of the Year Award for Life Sciences & Healthcare, 'Technology Pioneer' recognition by World Economic Forum and The Indian Chamber of Commerce Lifetime Achievement Award. She heads several biotechnology task forces including the Karnataka Vision Group on Biotechnology, an initiative by the Government of Karnataka and the National Taskforce on Biotechnology for the Confederation of Indian Industry (CII). She is also a member of the Prime Minister's Council on Trade and Industry and has recently accepted to serve as Member, Governing Body and General Body of the Indian Pharmacopoeia Commission, an Autonomous Body of the Government of India.

Mr. John Shaw, 60 years, Vice Chairman, is a foreign promoter and a whole-time director of the Company. He is also a controlling shareholder and director of Glentec International. He completed his M.A. (Hons.) in History and Political Economy from Glasgow University, U.K. in 1970. At the time of joining Biocon, he had served 27 years with Coats Viyella plc. in various capacities including finance and general administration. He was the Chairman of Madura Coats Ltd. from 1991-98. Mr Shaw came on the Board of Biocon Limited in 1999.

Dr. Neville Bain, 69 years, has vast experience in the field of finance, strategy and general management. He graduated from Otago University, New Zealand, with a Master of Commerce (Hons) degree and double Bachelor degree in Accounting and Economics. He has also been awarded the degree of Doctor of Law, is a Fellow Chartered Accountant, a Fellow Cost and Management Accountant, a Fellow Chartered Secretary and a Fellow of the Institute of Directors. He spent 27 years with the Cadbury Schweppes group, having responsibility for the world-wide confectionery business and then as Deputy Chief Executive and Finance Director. This was followed by a six-year term as Chief Executive Officer of Coats Viyella plc, and then as Chairman and Director of various organisations. He is the Chairman of the Institute of Directors and also a board member of Scottish Newcastle Pension Trustees Limited. He has published books on Corporate Governance, Strategy and the effective utilisation of people in organisations. He also serves as a director on the board of Syngene International Limited which is a subsidiary of Biocon Limited.

Prof. Charles L Cooney, 64 years, is the Professor of Chemical & Biochemical Engineering, Faculty Director of the Deshpande Center for Technological Innovation. He obtained his Bachelor's degree in Chemical Engineering from the University of Pennsylvania in 1966, his Master's degree and his Ph.D in Biochemical Engineering from MIT in 1967 and 1970 respectively. His research interests span topics in biochemical engineering and pharmaceutical manufacturing. He is a recipient of several prestigious awards, including Gold Medal of the Institute of Biotechnology Studies (London), the Food, Pharmaceutical and Bioengineering Award from the American Institute of Chemical Engineers and the James Van Lanen Distinguished Service Award from the American Chemical Society. He serves as a consultant to and director of a number of biotech and pharmaceutical companies globally and is on the editorial boards of several professional journals. He also serves as a director on the board of Syngene International Limited which is a subsidiary of Biocon Limited.

Mr. Suresh N Talwar, 70 years, is a partner in Talwar Thakore & Associates, a law firm of repute. He completed his B.Com from the University of Bombay in 1959, his LL.B. from the Government Law College, Bombay in 1961 and is a solicitor of the Incorporated Law Society, Mumbai in 1966. His area of professional specialisation is in corporate law and other related matters. He has been the legal counsel to numerous Indian companies, multinational corporations as well as Indian and foreign banks. He was a partner of Crawford Bayley & Co., a reputed Indian law firm. He is also a director of several leading companies in India.

Prof. Ravi Mazumdar, 54 years, completed his Ph.D from the University of California, Los Angeles, USA in 1983. Prior to this, he obtained his B.Tech from the Indian Institute of Technology, Bombay in 1977 and his Masters in Science from the Imperial College of Science, London in 1978. He is a professor in University of Waterloo, Canada and has been professor in several prestigious universities including Purdue University, U.S.A, Columbia University, U.S.A., University of Essex, U.K., Mc Gill University, Canada and the Indian Institute of Science, Bangalore. He has over 100 referred publications in international journals in the area of applied probability and stochastic processes, non-linear dynamical systems, statistical signal processing, queuing theory and in the control and design of high-speed networks. He has been a member of several advisory committees and working groups, including the US Congress Sub-Committee on Science and Technology. He is a Fellow of the Royal Statistical Society and Fellow of the Institute of Electrical and Electronics Engineers, Inc. He is the younger brother of Dr. Kiran Mazumdar Shaw.

Dr. Bala S Manian, 64 years, has been a part of the Silicon Valley entrepreneurial community over the last three decades and is responsible for successfully starting several life science companies. Dr. Manian is a co-founder of Quantum Dot Corporation and a co-founder of SurroMed Corporation. He was also chairman of Entigen Corporation, a Bioinformatics company. He was the founder and Chairman of Biometric Imaging, Inc. Prior to founding Biometric Imaging, Inc., Dr. Manian founded Digital Optics Corporation, an optical instrumentation and systems development Company in 1980 and two other Companies, Lumisys and Molecular Dynamics in June 1987. Dr. Manian is presently the CEO of ReaMetrix Inc. He has been recognized through several awards for his contributions as an educator, inventor and an entrepreneur. In February 1999, the Academy of Motion Picture Arts and Sciences awarded a Technical Academy Award to Dr. Manian for advances in digital cinematography. He has a B.Sc. in Physics from the University of Madras, a M.S. in Applied Optics from the University of Rochester and a Ph.D. in mechanical engineering from Purdue University. He was a faculty member of the University of Rochester's Institute of Optics for four years, teaching courses in optical fabrication and testing, optical instrumentation and holography. He also currently serves as a member of the Board of Trustees at the University of Rochester.

Pursuant to the provisions of the Companies Act, 1956 and in accordance with our Articles of Association, the Board has appointed Prof. Catherine Rosenberg as the Alternate Director to Prof. Ravi Mazumdar.

Status of Directors:

Statement showing the status of Directors as executive/non-executive and independent/non-independent during the year is set out below:

	Name	Office/Designation	Executive/ Non-executive	Independent/ Non-independent
1.	Dr. Kiran Mazumdar-Shaw	Chairman & M D	Executive	Non-independent
2.	Mr. John Shaw	Vice Chairman	Executive	Non-independent
3.	Dr. Neville Bain	Director	Non-Executive	Independent
4.	Prof. Charles L Cooney	Director	Non-Executive	Independent
5.	Mr. Suresh N Talwar	Director	Non-Executive	Independent
6.	Prof. Ravi Mazumdar	Director	Non-Executive	Non-Independent
7.	Dr. Bala S Manian	Director	Non-Executive	Independent
8.	Prof. Catherine Rosenberg	Alternate Director	Non-Executive	Non-independent

More than 50% of the Board comprises of non-executive Directors and more than half of the Board comprises of Independent Directors. The Company has obtained the necessary information from all the directors of the Company and performed the necessary steps to arrive at this conclusion.

2. ii. Meetings and attendance record of directors and other directorships:

During the financial year ended March 31, 2009, the Board met four times on April 22, 2008, July 17, 2008, October 16, 2008 and January 21, 2009. The Board of Directors and their attendance at the Board meeting during the year and at the last Annual General Meeting together with the number of other directorships are given below:

Name	No. of Board meetings attended	Attendance at the last AGM	No. of other Directorships (*)
Dr. Kiran Mazumdar-Shaw	4	Yes	6
Mr. John Shaw	4	Yes	5
Prof. Ravi Mazumdar	3	Yes	3
Dr. Neville Bain	4	Yes	4
Prof. Charles Cooney	4	Yes	4
Mr. Suresh Talwar	3	Yes	52*
Dr. Bala S Manian	4	Yes	4
Prof. Catherine Rosenberg (Alternate Director)	1	Yes	1

** Includes private limited companies and foreign body corporate and alternate directorships.*

Availability of information to the Members of the Board

- Annual operating plans and budgets, capital budgets and any updates thereto.
- Quarterly and annual results for the Company and its divisions.
- Minutes of meetings of Audit Committee, Remuneration Committee, Investors' Grievance Committee and Share Transfer Committee.
- The information on recruitment and remuneration of senior officers just below the board level, including the Company Secretary.
- General notice of interest.
- Dividend data and bonus, if applicable.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature.
- Details of any joint venture, acquisition, technology or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

2. iii. Details of Directorships in other Companies:

The details of directorships of the Company's Directors in other companies as on March 31, 2009 are given below:

Name of Company/Firm	Nature of Interest
Dr. Kiran Mazumdar-Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Managing Director
Biocon Research Limited	Director
Biocon SA	Director
IATRICa	Director
Glentec International	Director
Narayana Institute for Advanced Research Private Limited	Director
Narayana Hrudayalaya Private Limited	Director
Mr. John Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Director
Biocon Research Limited	Director
Glentec international	Director
Prof. Ravi Mazumdar	
Glentec International	Director
Clinigene International Limited	Director
Syngene International Limited	Alternate Director
Dr. Neville C Bain	
Scottish & Newcastle Pension Trustees Limited	Director
Syngene International Limited	Director
Neville Bain Developments Limited	Director
Provexis Limited	Director
Prof. Charles Cooney	
Syngene International Limited	Director
Genzyme Corporation	Director
LS9, Inc.	Director
PolyPore International Inc.	Director

Mr. Suresh N Talwar	
PZ Cussons India Pvt. Ltd.	Chairman & Alterante Director
FCI OEN Connectors Ltd.	Chairman & Alterante Director
Trans Warranty Finance Limited	Chairman & Alterante Director
Armstrong World Industries (India) Ltd.	Chairman
Merck Ltd.	Chairman
Collin Stewart Inga Pvt. Ltd.	Chairman
Romil Finance & Investments Pvt. Ltd.	Chairman
Sidham Finance and Investments Pvt. Ltd.	Chairman
20th Century Fox Corpn (I) Pvt. Ltd.	Director
Aon Global Insurance Services Pvt. Ltd.	Director
Birla Sun Life Insurance Co Ltd.	Director
Birla Sun Life Trustee Co Ltd.	Director
Blue Star Ltd.	Director
Blue Star Infotech Ltd.	Director
Cadbury India Limited	Director
Chowgule and Company Ltd.	Director
Decagon Investments Pvt. Ltd.	Director
Elantas Beck India Limited	Director
Emerson Process Management (India) Pvt. Ltd.	Director
Carborundum Universal Ltd.	Director
Cholamandalam MS General Insurance Co. Ltd.	Director
Collins Stewarat Inga Pvt. Ltd.	Director
Epitome Global Services Pvt. Ltd.	Director
Esab India Limited	Director
Greaves Cotton Ltd.	Director
India Debt Management Pvt. Ltd.	Director
India Value Fund Trustee Co. Pvt. Ltd.	Director
IVF Trustee Company Private Limited	Director
IVF (Mauritius) PCC	Director
IVF (Mauritius) Ltd.	Director
Indium IV (Mauritius) Holding Limited	Director
Indium IV (Mauritius) Limited	Director
John Fowler (India) Pvt. Ltd.	Director
Larsen & Toubro Ltd.	Director
MF Global (India) Pvt. Ltd.	Director
Morgan Stanley India Co. Pvt. Ltd.	Director
Rediffusion – Dentsu, Young & Rubicam Pvt. Ltd.	Director
Rakeen Development PJSc	Director
Reva Electric Car Co. Pvt. Ltd.	Director
Sandvik Asia Ltd.	Director
Shrenuj & Co. Ltd.	Director
Solvay Pharma India Limited	Director
Snowchem Paints Pvt. Ltd.	Director
Showdiff Worldwide Pvt. Ltd.	Director
Sonata Software Limited	Director
Swiss Re Shared Services (India) Pvt. Ltd.	Director
TTK Healthcare TPA Private Limited	Director
Warner Bros Pictures (India) Pvt. Ltd.	Director
Wave Suspension Systems India Private Ltd.	Director
Wyeth Limited	Director
Albright & Wilson Chemicals India Ltd.	Alternate Director
Garware-Wall Ropes Ltd.	Alternate Director
Hindustan Gun & Chemicals India Ltd.	Alternate Director
Johnson & Johnson Ltd.	Alternate Director
Uhde India Pvt. Limited	Alternate Director

Dr. Bala S Manian	
ReaMetrix Inc., USA	Director
ReaMetrix India Private Limited	Director
ICICI Knowledge Park	Director
Vaccinex Inc.	Director

Prof. Catherine Rosenberg	
Syngene International Limited	Director

2. iv. Details of membership/Chairmanship of Directors in Board Committees:

Following is the list of memberships/ Chairmanships of Directors in the committees* of the Indian public limited companies in which they are holding directorships:-

Sl No	Name	Name of the Company	Nature of the Committee*	Member/Chairman
1.	Dr. Kiran Mazumdar-Shaw	Biocon Ltd.	Investors' Grievance	Member
2.	Mr. John Shaw	Biocon Ltd.	Investors' Grievance	Member
3.	Prof. Ravi Mazumdar	Biocon Ltd.	None	None
4.	Dr. Neville Bain	Biocon Ltd.	Audit Committee	Chairman
			Investors' Grievance	Chairman
5.	Prof. Charles Cooney	Biocon Ltd.	Audit Committee	Member
6.	Mr. Suresh Talwar	Biocon Ltd.	Audit Committee	Member
		Blue Star Ltd.	Audit Committee	Chairman
		Blue Star Infotech Ltd.	Audit Committee	Member
		Cadbury India Ltd.	Audit Committee	Member
		Elantas Beck India Ltd.	Audit Committee	Member
		FCI OEN Connectors Ltd.	Audit Committee	Chairman
		Greaves Cotton Ltd.	Audit Committee	Member
		Merck Ltd.	Audit Committee	Chairman
		Sandvik Asia Ltd.	Audit Committee	Member
		Solvay Pharma India Ltd.	Audit Committee	Member
7.	Dr. Bala S Manian	Biocon Ltd.	None	None

*For this purpose Membership/Chairmanship in Audit Committee and Investors Grievance Committee are reported and other committee Membership/ Chairmanship has not been included in this report.

2. v. Code of Conduct:

The Board has laid down a code of conduct for all Board members and senior management of the Company and the same is posted on the Website of the Company. The certificate from Chairman and Managing Director with regard to compliance of code of conduct by Board members and senior management is enclosed and forms part of this report.

Certificate of Code of Conduct:

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

I hereby certify that all the Board Members and Senior Management have affirmed their compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2008-09.

For Biocon Limited

(Sd/-)

Bangalore
March 31, 2009

Dr. Kiran Mazumdar-Shaw
Chairman and Managing Director

2. vi. Shareholding of Directors

Name	Nature of Directorship	No. of shares held as on 31.3.2009
Dr. Kiran Mazumdar-Shaw	Executive	79,287,564
Mr. John Shaw	Executive	1,407,558
Prof. Ravi Mazumdar	Non-Executive	1,310,714*
Dr. Neville C Bain	Non-Executive	1,000,000
Prof. Charles Cooney	Non-Executive	419,522
Mr. Suresh N Talwar	Non-Executive	32,000
Dr. Bala S Manian	Non-Executive	2,500
Prof. Catherine Rosenberg (Alternate Director)	Non-Executive	*

**Joint Holding*

2. vii. Re-appointment of Directors:

The Directors, Mr. John Shaw and Mr. Suresh Talwar shall retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Their brief resumes and details of their other directorships and committee memberships, including their shareholding have already been provided in the Notice as well as in this report:

2. viii. Notice of interest by Senior Management personnel:

The Board has noted the notice by senior management disclosing all material financial and commercial transactions where they have personal interest.

3. AUDIT COMMITTEE:

3. i. Terms of Reference

The terms of reference of Audit Committee are as per the revised guidelines set out in the listing agreement with Stock exchanges read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by Board from time to time. The Audit committee has been entrusted with all required authority and powers to play an effective role as envisaged under revised Clause 49 of the Listing Agreement.

3. ii Composition

The Board constituted the Audit Committee on April 16, 2001. The following directors are the current members of the Committee:

a) Dr. Neville Bain

b) Prof. Charles Cooney

c) Mr. Suresh Talwar (w.e.f. July 2003)

The members of the committee are non-executive and independent directors and possess sound knowledge of accounts, finance, audit and legal matters. Dr. Neville Bain is the Chairman of the Committee.

3. iii. Meeting and attendance during the year:

Name	No. of meetings held	No. of meetings attended
Dr. Neville Bain	4	4
Prof. Charles L Cooney	4	4
Mr. Suresh Talwar	4	4

During the year 2008-09, the Committee met 4 times on April 21, 2008, July 16, 2008, October 15, 2008 and January 20, 2009. The Senior Management and Auditors were invited to attend all the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Committee reviewed the financial results of the Company prepared in accordance with Indian GAAP (including consolidated results) and recommended the same to the Board of Directors for their adoption.

The Committee also recommended to the Board of Directors the re-appointment of M/s. S. R. Batliboi & Associates, Chartered Accountants, as Statutory Auditors of the Company from conclusion of Thirty First Annual General Meeting to the forthcoming Annual General Meeting.

The Committee also reviewed Internal Audit reports, Internal Control Systems, risk management policies, related party transactions, etc. from time to time.

Audit committee members are advised of the work of independent internal auditors. The internal auditors M/s. Grant Thornton to review the control processes in place and report to the Audit Committee on a quarterly basis.

3. iv. Subsidiary Companies:

The Company has five subsidiary companies, Syngene International Limited, Clinigene International Limited, Biocon Research Limited, Biocon SA, Axicorp GmbH and two joint ventures, Biocon Biopharmaceuticals Private Limited and NeoBiocon. None of the Indian subsidiary companies represent more than 20% of consolidated turnover or net worth of the Company in the immediately preceding financial year. However, two independent Directors of the Company are on the Board of Syngene International Limited.

The Audit committee of the Company also reviews the financial statements of all the subsidiary companies. The minutes of the Board Meetings of subsidiary companies are placed at the Board Meetings of the Company and reviewed.

3. v. CEO/CFO Certification:

The Board has recognized the Chairman and Managing Director of the Company as the CEO and President – Group Finance as the CFO for the limited purpose of compliance under the Listing Agreement. The CEO and CFO have certified, in terms of Clause 49 of the Listing Agreement to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

4. Remuneration Committee:

4. i. Terms of Reference:

The terms of reference of the Remuneration Committee, inter alia, includes determination of compensation package of executive directors and senior management of the Company, determination and supervision of the bonus scheme of the Company and to investigate any activities within the terms of reference, etc. The Committee also oversees the Employee Stock Option Scheme (ESOP) and recommends the same for the approval of the Board/shareholders. The Committee is empowered to decide the eligibility of the category of employees and the terms and conditions of grants to be extended under the ESOP schemes of the Company.

4. ii. Constitution:

The Board constituted the Remuneration Committee on 16th April 2001. The following directors are the current members of the Committee:

a) Prof. Charles L Cooney

b) Dr. Neville Bain

The members of the Committee are non-executive and independent directors. Prof. Charles Cooney is the Chairman of the Committee.

4. iii. Meeting and Attendance during the year:

During the year 2008-09, the Committee met 4 times on April 21, 2008, July 16, 2008, October 15, 2008 and January 20, 2009 and all the members attended all the meetings.

4. iv. Remuneration Policy

The remuneration policy of the Company is broadly based on the following criteria:

a) Job responsibilities

b) Key performance areas of the employees/directors

c) Industry trend

4. v. Details of Remuneration:

The details of remuneration and sitting fees paid or each of the Directors during the year ended March 31, 2009 are given below:

Name	Salary and perquisites Rs				Sitting Fees Rs
	Fixed pay	Perquisites	Variable pay (performance Bonus)	Retiral benefits	
Dr. Kiran Mazumdar Shaw	6,874,800	2,791,403	1,617,600	485,280	-
Mr. John Shaw	6,411,900	957,000	-	-	-
Prof. Ravi Mazumdar	-	-	-	-	60,000
Dr. Neville Bain	-	-	-	-	180,000
Prof. Charles Cooney	-	-	-	-	180,000
Mr. Suresh Talwar	-	-	-	-	140,000
Dr. Bala S. Manian	-	-	-	-	80,000
Prof. Catherine Rosenberg (Alternate Director)	-	-	-	-	20,000

**Of the Board Members, only Dr. Kiran Mazumdar-Shaw and Mr. John Shaw are Executive Directors and others are Non-Executive Directors.*

No options under the ESOP were granted to the directors during the year.

The Chairman & Managing Director and the Vice-Chairman were paid remuneration, including performance bonuses, as approved by the shareholders in the Annual General Meeting held on July 20, 2005.

Pecuniary relations or transactions of the Non-executive directors:

There were no pecuniary relationship or transactions of non-executive directors vis-à-vis the Company which has potential conflict with the interests of the Company at large. Prof. Charles L Cooney and Dr. Bala S Manian are Chairman and member of the Scientific Advisory Board respectively and are paid sitting fees for attending the meetings of the Scientific Advisory Board.

The financial transactions with the Non-Executive Directors during year were:

Sl. No.	Name	Nature of transaction	Amount (Rs)
1.	Prof. Charles L Cooney	Sitting fees as Chairman of the Scientific Advisory Board	454,250
2.	Dr. Bala S Manian	Sitting fees as Member of the Scientific Advisory Board	202,250

Compensation/Fees paid to Non-Executive Directors:

The Non-executive directors were paid sitting fees for attending the Board and Committee Meetings.

Criteria for making payment to Non-Executive Directors:

The role of non-executive/independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but also to involve and contribute to the evolution of the Company. The non-executive and independent directors of the Company are eminent scientists, researchers, technocrats and professionals. The Company seeks their expert advice on various matters in science, technology, legal or IP. Hence the compensation to the non-executive directors towards the professional services to the Company is recommended. Shareholders have given their approval for the same at their annual general meeting held on July 19, 2006.

5. Shareholders:

5. i. Investor Grievances Committee:

Prior to the Initial Public offering of the Company, i.e. on January 17, 2004, the Board constituted this committee with the following members:

a) Dr. Neville Bain, Chairman

b) Dr. Kiran Mazumdar Shaw

c) Mr. John Shaw

The Committee was formed to specifically redress the shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc. Dr. Neville Bain, Chairman of the Committee is a non-executive and independent Director.

During the year 2008-09, the Committee met 4 times on April 21, 2008, July 16, 2008, October 15, 2008 and January 20, 2009 and all the members attended all the meetings.

The Board had also constituted a Share Transfer Committee consisting of Dr. Kiran Mazumdar-Shaw, Chairman & Managing Director, Mr. John Shaw, Vice Chairman of the Company to attend to the share transfer formalities, as and when required.

5. ii. Compliance officer:

Mr. Kiran Kumar G, Company Secretary was designated as the compliance officer under SEBI (Disclosure and Investor Protection) Guidelines, 2000 for overseeing/ addressing the investor complaints.

5. iii. Details of Shareholders Complaints

Details of the shareholders complaints received and redressed during the year:

Complaints Received	Complaints solved	Pending
242	241	1

There have been no material grievances raised and all items referred have been dealt with. As on April 28, 2009 the above said, pending grievance also stands resolved.

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6. General Body Meetings:

6. i. Location and Time of the General Body Meetings:

Generally, the Annual General Meetings of the Company are convened within four months of the close of the financial year. The details of the previous Annual General Meetings are as below:

Year	Date and Time	Venue	Special resolutions passed
2005-06	19th July 2006, 3.30 p.m.	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil
2006-07	18th July 2007, 3.30 p.m.	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil
2007-08	17th July 2008, 3.30 p.m.	Taj Residency, 41/3, Mahatma Gandhi Road, Bangalore - 560 001	2

6. ii. Special Resolutions:

At the Annual General Meeting of the Company held on July 17, 2008 Special Resolutions were passed for a) Increase in the Authorised Share Capital and alteration of the Articles of Association of the Company and b) For issue of Bonus Shares to the equity shareholders of the Company.

6. iii. Postal Ballot

Matters required to be passed by the Company through postal ballot under the provisions of Section 192A of the Companies Act, 1956: The Company divested its Enzymes business (other than Human Healthcare Related Enzymes) to Novozymes South Asia Private Limited, a subsidiary of Novozymes A/s effective October 1, 2007 for which the Company sought an approval from the members by means of a postal ballot. The results of the postal ballot were announced on September 3, 2007.

7. Disclosures

7. i. Related party transactions:

Audit Committee reviews periodically the significant related party transactions i.e. transactions of the Company, which are of material nature, with its subsidiaries, directors or relatives or the management. Details of such transactions are provided in Note 22 of the Notes forming part of the Financial Statements in accordance with provisions of Accounting Standard 18, issued by the Institute of the Chartered Accountants of India.

7. ii. Details of non compliance:

There were no penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any statutory authority in any matter related to capital markets during the last 3 years.

7. iii. Whistle Blower policy

Company has laid down a Whistle Blower Policy and the same has been posted on the Intranet of the Company. The e-mail address of the Chairman of the Audit Committee has been given in the policy for the employees to report the matters of concern. No employee is denied the opportunity to meet the Audit Committee members of the Company.

7. iv. Compliance with non-mandatory requirements of Clause 49 of the listing agreement:

The Company has complied with the non-mandatory requirements relating to Remuneration Committee and Whistle Blower policy to the extent detailed above and has not complied with other non-mandatory requirements.

7. v. Accounting Treatment:

The Company's financial statements are prepared in accordance with Generally Accepted Accounting Principles and comply with the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 which is in line with the Accounting Standards recommended by the Institute of the Chartered Accountants of India.

7. vi. Risk Management:

The Audit Committee regularly reviews the risk assessment and control process in the Company and is satisfied that the process is appropriate to the Company needs. The Board also periodically reviews the Risk assessment procedure and risk mitigation procedures laid down by the Company.

8. Means of communication:

The quarterly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. These results are also published in English newspaper, usually in Business Standard and Kannada newspaper, Samyukta Karnataka.

The results along with presentations made by the Company to Analysts are also posted on the website of the Company viz. www.biocon.com and on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre (NIC). The Company's website also displays all official news releases.

The Company organizes investor conference calls to discuss its financial results every quarter where investor queries are answered by the Executive Management of the Company. The transcripts of the conference calls are also posted on our website.

Management Discussion and Analysis on the operations of the Company forms part of Directors' Report.

9. General Shareholder' Information:

i) Annual General Meeting:

Date and Time	:	July 23, 2009 at 3.30 p.m.
Venue	:	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Near Forum Mall, Bangalore - 560 029
ii) Financial Calendar for 2009-10	:	The following are tentative dates:
First Quarterly results	:	July 23, 2009
Half-yearly Results	:	October 22, 2009
Third Quarterly Results	:	January 21, 2010
Annual results 2009-10	:	April 27, 2010
AGM for the year 2009-10	:	July 22, 2010
iii) Dates of Book Closure	:	Wednesday, July 15, 2009 to Thursday, July 23, 2009 - (Both days inclusive)
iv) Dividend payment date	:	On or after July 24, 2009
v) Listing on Stock Exchanges	:	The National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai - 400 051 and The Bombay Stock Exchange Ltd. P J Towers, Dalal Street, Mumbai - 400 001 Listing is effective from April 07, 2004
vi) Stock Code/Symbol	:	NSE – BIOCON BSE – 532523
vii) International Securities Identification Number	:	INE 376G01013

viii) Market Price data during 2008-09:

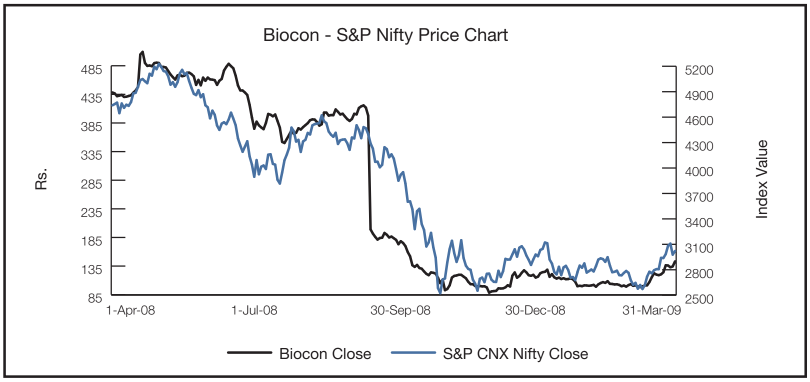
The monthly high/low prices of shares of the Company from April 1, 2008 to March 31, 2009 are given below:

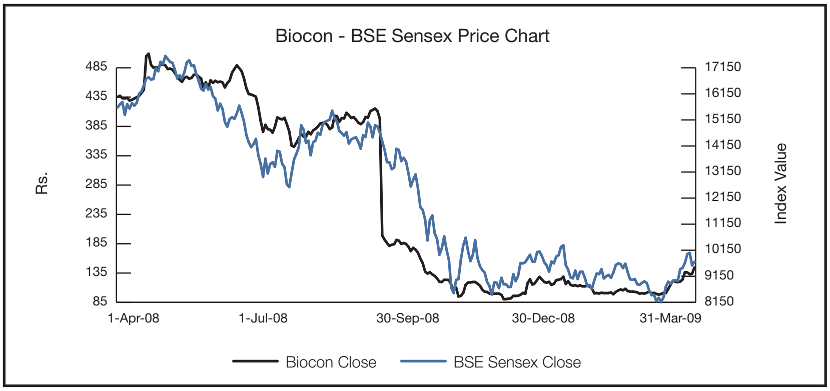
		BSE			NSE		
Sl. No.	**Month**	**High (Rs)**	**Low (Rs)**	**Volume of Shares**	**High (Rs)**	**Low (Rs)**	**Volume of Shares**
1.	April-08	551.50	420.10	2,991,235	551.70	421.00	5,749,302
2.	May-08	494.95	448.00	914,875	496.00	446.20	2,151,228
3.	June-08	498.70	391.00	1,027,774	499.00	390.00	2,291,591
4.	July-08	411.60	336.00	1,228,269	410.90	336.50	2,314,345
5.	August-08	414.95	375.00	635,191	413.35	378.00	1,343,396
6.	September-08*	426.95	160.00	883,944	426.00	159.00	2,309,395
7.	October-08	180.00	92.00	1,044,027	184.00	89.50	2,482,696
8.	November-08	124.90	86.55	1,163,140	125.45	85.30	2,814,367
9.	December-08	130.50	87.00	1,377,468	124.80	85.00	2,283,854
10.	January-09	132.85	96.00	1,377,468	132.15	91.00	3,413,854
11.	February-09	111.00	96.55	617,120	110.50	96.00	1,753,696
12.	March-09	153.50	90.10	2,587,559	152.00	88.90	5,578,523

** The Company shares were ex-bonus (1:1) on September 11, 2008 - ex-bonus date*

ix) Relative movement chart

The chart below gives the relative movement of the closing price of the Company's share and the BSE Sensex/NSE Nifty relative to the closing price. The period covered is April 01, 2008 to March 31, 2009. The Company had declared bonus issue in the ratio of 1:1 and the





shares of the Company were ex-bonus w.e.f. September 11, 2008. The Biocon Management cautions that the stock price movement shown in the graph below should not be considered indicative of potential future stock price performance.

x) Registrar and Transfer Agents : Karvy Computershare Private Limited
Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034

xi) Share Transfer System :

The shares of the Company are traded in the compulsory dematerialised form for all investors. The Share Transfer Committee approves the transfer of shares in the physical form within the time limits specified in the Listing Agreement.

xii) Distribution of the Shareholding:

The distribution of shareholding as on March 31, 2009, pursuant to Clause 35 of the listing agreement is as under:

A. Shareholders - by Category:

					Total Shareholding As a % of Total No. of Shares		Shares Pledged or Otherwise Encumbered	
Cat Code	**Category of Shareholder**	**No. of Shareholders**	**Total No. Shares**	**No. of Shares Held In Dematerialized Form**	**As a % of (A+B)**	**As a % of (A+B+C)**	**No. of Shares (viii)**	**As a % (ix)=(viii)/ (iv)*100**
(I)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	
(A)	Promoter And Promoter Group							
(1)	Indian							
(a)	Individuals /HUF	5	80,892,224	80,876,394	40.45	40.45	0	NA
	Sub-Total (A)(1)	**5**	**80,892,224**	**80,876,394**	**40.45**	**40.45**	**0**	**NA**
(2)	Foreign							
(a)	Individuals (NRIs/Foreign Individuals)	1	1,407,558	1,407,558	0.70	0.70	0	NA
(b)	Bodies Corporate	1	39,535,194	39,535,194	19.77	19.77	0	NA
	Sub-Total (A)(2)	**2**	**40,942,752**	**40,942,752**	**20.47**	**20.47**	**0**	**NA**
	Total Share Holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**7**	**121,834,976**	**121,819,146**	**60.92**	**60.92**	**0**	**NA**
(B)	Public Shareholding							
(1)	Institutions							
(a)	Mutual Funds /UTI	33	20,052,224	20,052,224	10.03	10.03		
(b)	Financial Inst./Banks	18	1,935,572	1,935,572	0.97	0.97		
(c)	Foreign Institutional Investors	46	11,959,540	11,959,540	5.98	5.98		

Cat Code	Category of Shareholder	No. of Shareholder	Total No. Shares	No. of Shares Held In Dematerialized Form	Total Shareholding As a % of Total No. of Shares		Shares Pledged or Otherwise Encumbered	
	Sub-Total (B)(1)	**97**	**33,947,336**	**33,947,336**	**16.97**	**16.97**		**NA**
					As a % of (A + B)	**As a % of (A + B + C)**	**No. of Shares (viii)**	**As a % (ix) = (viii)/ (iv)*100**
(I)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	
(2)	Non-Institutions							
(a)	Bodies Corporate	1,375	2,673,138	2,673,138	1.34	1.34		
(b)	Individuals							
	(i) Individual shareholders holding nominal share capital up to Rs 1 lakh	91,015	15,642,109	15,585,409	7.82	7.82		
	(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	58	13,034,658	12,936,706	6.52	6.52		
(c)	Any Others							
	Clearing Members	226	167,666	167,666	0.08	0.08		
	Foreign Bodies	1	105,374	105,374	0.05	0.05		
	Foreign Nationals	8	712,890	438,818	0.36	0.36		
	Non-Resident Indians	1,634	1,089,889	917,495	0.54	0.54		
	Trusts	14	10,791,964	10,791,964	5.40	5.40		
	Sub-Total (B)(2)	**94,331**	**44,217,688**	**43,616,570**	**22.11**	**22.11**		
	Total Public Share Holding (B)=(B)(1) + (B)(2)	**94,428**	**78,165,024**	**77,563,906**	**39.08**	**39.08**		**NA**
	Total (A) + (B)	**94,435**	**200,000,000**	**199,383,052**	**100.00**	**100.00**		
	GRAND TOTAL (A) + (B):	**94,435**	**200,000,000**	**199,383,052**	**100.00**	**100.00**		**NA**

B. Distribution of shareholding by no. of shares:

Distribution Schedule as on March 31, 2009

Sl. No.	Category From - To	Number of Cases	% of Cases	Amount	% of Amount
1.	1 - 5000	92,044	97.44	55,550,180	5.69
2.	5001 - 10000	1,264	1.34	9,718,355	0.99
3.	10001 - 20000	523	0.58	7,626,615	0.81
4.	20001 - 30000	187	0.19	4,744,415	0.47
5.	30001 - 40000	76	0.08	2,666,760	0.28
6.	40001 - 50000	72	0.08	3,359,375	0.34
7.	50001 - 100000	99	0.10	7,158,210	0.73
8.	100001 & Above	170	0.18	909,176,090	90.69

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	Total	**94,435**	**100.00**	**1,000,000,000**	**100.00**

xiii) Dematerialization of shares and liquidity:

Procedure for dematerialization/rematerialization of scrips

Shareholders are required to submit demat/remat request to Depository Participants (DP) with whom they maintain a demat account. DP sends the request for demat of shares along with the physical share certificate to Registrar and Transfer Agents of the Company. The Registrar liaison with Depository Participants (DP), National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) within 10 days from the date of log in of the request in the system and acknowledges the receipt of physical shares for Demat and verifies the genuineness of the edit list. After verification of edit list and effecting the corrections, if any, the Registrar updates the final Demat Register.

The Registrar forwards the confirmation report to CDSL/NSDL or rejection report as the case may be. The Registrar does the reconciliation and confirmation of capital. The Registrar also corresponds with the DP and shareholders in case of rejection.

As on March 31, 2009, 6,16,948 shares (0.30%) of the shares of Company were in physical form.

Outstanding GDRs/ ADRs/ Warrants and convertible instruments, conversion date and likely impact on equity: Not applicable.

xiv) Plant locations:

i) 20th KM, Hosur Road,
Electronics City P. O.,
Bangalore - 560 100

ii) Plot No. 113/C2,
Bommasandra Industrial Area,
Bommasandra, Bangalore - 560 009

iii) Biocon Park
Plot No 2, 3, 4 and 5
Bommasundra – Jigani Link Road
Bangalore - 560 100

xv) Address for correspondence: Investor correspondence may be addressed to:

a) Kiran Kumar G
Company Secretary
(Compliance Officer)
Biocon Limited
20th KM, Hosur Road,
Electronics City P.O.,
Bangalore - 560 100
Mail id: co.secretary@biocon.com or investor.relations@biocon.com

b) Karvy Computershare Private Limited
Plot No. 17 – 24,
Vittal Rao Nagar, Madhapur,
Hyderabad 500 081
Mail id: mahender@karvy.com or Jayaramnvk@karvy.com

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Auditors' Certificate on Corporate Governance

To
The Members of Biocon Limited

We have examined the compliance of conditions of corporate governance by Biocon Limited, for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore.
June 06, 2009

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Auditors' Report

To the Members of Biocon Limited

1. We have audited the attached Balance Sheet of Biocon Limited ('the Company') as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;

(b) in the case of the profit and loss account, of the profit for the year ended on that date; and

(c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore
April 28, 2009

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Annexure referred to in paragraph 3 of our report of even date

Re: **BIOCON LIMITED**

(i) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets. Fixed assets have been physically verified by the management during the year in accordance with a regular programme of verification, intended to cover all the fixed assets of the Company over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification. There was no disposal of fixed assets during the year.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year. The procedures of physical verification of inventory (except for goods in bond and in transit) followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification.

(iii) As informed, the Company has granted unsecured loans to three companies listed in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). The maximum amount involved during the year was Rs 2,237,590 thousands and the balance outstanding as at March 31, 2009 is Rs 2,024,938 thousands. In our opinion and according to the information and explanations given to us, the rate of interest, where applicable, and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest, wherever applicable, has been regular. Based on our audit procedures and the information and explanation made available to us, there is no overdue amount of the loan granted by the Company to the companies listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has not taken/granted any other loans from/to companies, firms or other parties listed in the register maintained under Section 301 of the Act.

(iv) In our opinion and according to the information and explanations given to us, as well as taking into consideration the management representation that certain items of fixed assets are of special nature for which alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and inventory and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act, that need to be entered into the register maintained under Section 301 have been so entered. In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of items involved and absence of any comparable prices, we are unable to comment whether the transactions are made at prevailing market prices at the relevant time.

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

(vii) In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.

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

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

Name of the statute	Nature of dues	Amount (Rs in thousands)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	633*	1994-1995	Assistant Collector of Central Excise.
The Central Excise Act, 1944	Excise duty	859	2005-2006	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Customs Act, 1962	Customs duty	1,491	2004-2005	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Customs Act, 1962	Customs duty	1,514*	2004-2005	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Central Excise Act, 1944	Excise duty	88,209	April 2005 till March 2008	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service tax	1,437	2004-2005	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Karnataka Tax on Entry of Goods Act, 1979	Entry tax	1,537	2002-2003	The Company is in the process of filing an appeal with High Court
Income-tax Act, 1961	Income tax	2,077*	1993-1994	High Court of Karnataka.

Name of the statute	Nature of dues	Amount (Rs in thousands)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	2,874*	1994-1995	Supreme Court
Income-tax Act, 1961	Income tax	2,952*	1995-1996	Supreme Court
Income-tax Act, 1961	Income tax	3,879*	1996-1997	Supreme Court
Income-tax Act, 1961	Income tax	4,040*	1997-1998	High Court of Karnataka.
Income-tax Act, 1961	Income tax	1071*	1999-2000	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income tax	17,619 *(14,968 paid)	2002-2003	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income tax	30,551*	2003-2004	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income tax	18,940*	2004-2005	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income tax	15,062	2005-2006	Commissioner of Income Tax (Appeals)

* These amounts are paid

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

(xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) As informed to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) As informed to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are not prima - facie prejudicial to the interest of the Company.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

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

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore
April 28, 2009

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BIOCON LIMITED

Balance Sheet as at March 31, 2009

(All amounts in Indian Rupees thousands)

	Notes	March 31, 2009	March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	3	1,000,000	500,000
Reserves and surplus	4	12,748,753	12,781,963
		13,748,753	**13,281,963**
Loan Funds			
Secured loans	5	1,014,565	892,634
Unsecured loans	6	624,862	546,219
		1,639,427	**1,438,853**
Deferred Tax Liability (Net)	7	410,408	398,237
		15,798,588	**15,119,053**
APPLICATION OF FUNDS			
Fixed Assets			
Cost	8(i)	9,486,156	8,525,081
Less: Accumulated depreciation		2,733,315	2,006,485
Net book value		**6,752,841**	**6,518,596**
Capital work-in-progress [including capital advances of Rs 4,454 (March 31, 2008 - Rs 171,947)]		376,872	646,341
		7,129,713	**7,164,937**
Intangible Assets	8 (ii)	**388,850**	**276,000**
Investments	9	**3,466,855**	**4,772,602**
Current Assets, Loans and Advances			
Inventories	10	1,945,224	1,677,350
Sundry debtors	11	3,101,713	2,256,629
Cash and bank balances	12	60,427	81,244
Loans and advances	13	2,662,748	1,235,457
		7,770,112	**5,250,680**
Less: Current Liabilities and Provisions	14		
Liabilities		2,196,970	1,663,514
Provisions		759,972	681,652
		2,956,942	**2,345,166**
Net Current Assets		**4,813,170**	**2,905,514**
		15,798,588	**15,119,053**

The accompanying Notes form an integral part of the Balance Sheet.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 28, 2009

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

Profit and Loss Account for the year ended March 31, 2009

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

	Notes	March 31, 2009	March 31, 2008
INCOME			
Gross sales		9,291,494	8,587,496
Less: Excise duty		257,134	266,657
Net sales		**9,034,360**	**8,320,839**
Licensing and development fees		89,005	448,413
Other income	15	747,738	522,752
		9,871,103	**9,292,004**
EXPENDITURE			
Manufacturing, contract research and other expenses	16	6,936,814	6,511,351
Interest and finance charges	18	49,371	28,698
		6,986,185	**6,540,049**
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAXES		**2,884,918**	**2,751,955**
Depreciation/Amortisation	8 (i) & 8 (ii)	742,830	691,581
Less: Amount transferred from revaluation reserve	4	-	1,601
		742,830	**689,980**
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS		**2,142,088**	**2,061,975**
[Includes Rs Nil (March 31, 2008 - Rs 38,795), being profit from discontinued operations]			
Provision for income-tax			
Current tax		164,394	93,036
Less - MAT credit entitlement		(87,068)	-
Deferred taxes		12,171	668
Fringe benefits		14,470	12,680
[Includes Rs Nil (March 31, 2008) Rs 10,533, being tax on profit from discontinued operations]			
PROFIT AFTER TAXES, BEFORE EXCEPTIONAL ITEMS		**2,038,121**	**1,955,591**
[Includes Rs Nil (March 31, 2008 - Rs 28,262), being profit from discontinued operations]			
Exceptional items, net	21	(997,450)	3,077,546
Add/(Less): Tax effect on exceptional items		77,326	(683,892)
PROFIT FOR THE YEAR		**1,117,997**	**4,349,245**
Balance brought forward from previous year		7,704,962	4,375,617
PROFIT AVAILABLE FOR APPROPRIATION		**8,822,959**	**8,724,862**
Proposed dividend on equity shares		600,000	500,000
Tax on proposed dividend		101,970	84,975
Transfer to general reserve		111,799	434,925
BALANCE TRANSFERRED TO BALANCE SHEET		**8,009,190**	**7,704,962**
Earnings per share (equity shares, par value of Rs 5 each)			
Basic (in Rs)		5.79	22.51
Diluted (in Rs)		5.64	21.84
Weighted average number of shares used in computing earnings per share			
Basic	20	192,944,832	193,192,482
Diluted	20	198,359,510	199,186,140

The accompanying Notes form an integral part of the Profit and Loss Account.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 28, 2009

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

Statement of Cash Flows for the year ended March 31, 2009

(All amounts in Indian Rupees thousands)

	March 31, 2009	March 31, 2008
I. CASH FLOWS FROM OPERATING ACTIVITIES :		
Net profit including exceptional items, before tax	1,144,638	5,139,521
Adjustments for		
Depreciation and Amortisation	742,830	689,980
Unrealised exchange (gain)/loss	(90,328)	(17,894)
Employee Stock Compensation Expense	15,754	27,637
Exceptional items, net		
(a) Provision for contingencies writeback	(20,000)	-
(b) Unrealised mark to market loss on foreign exchange forward contracts	221,000	-
(c) Net gain on sale of net assets of discontinued operations	-	(3,297,546)
(d) Impairment of intellactual property	-	220,000
Provision for bad and doubtful debts	15,777	10,899
Bad debts Written off	7	97
Interest expense	39,529	30,925
Interest income	(25,174)	(11,551)
Dividend earned	(215,945)	(138,746)
Gain on sale of investment in mutual funds	(734)	(729)
Loss on assets sold	-	36
Operating profit before working capital changes	**1,827,354**	**2,652,629**
Movements in working capital		
Inventories	(267,874)	(170,761)
Sundry debtors	(834,808)	494,473
Loans and advances	54,986	(150,487)
Current liabilities and provisions	431,689	(36,470)
Cash generated from operations	**1,211,347**	**2,789,384**
Tax paid (net of refunds)	(51,448)	(140,750)
Net cash provided by operating activities	**1,159,899**	**2,648,634**
II. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	(839,132)	(960,856)
Acquisition of Intangible assets	(128,850)	-
Income from exceptional items, net of taxes on exceptional item	-	2,668,447
Interest received	25,174	11,593
Dividend received	215,945	138,746
Loan to Subsidiary/Joint Venture Companies, net	(1,349,879)	(265,093)
Investment in Subsidiary/ Joint Venture/ Associate Companies	(55,179)	-
Sale of investments	20,098,723	17,060,738
Movement in reserves of ESOP trust	23,929	47,166
Purchase of shares by ESOP Trust	(30,860)	(89,893)
Purchase of investments		
Long term	-	(50,028)
Current	(18,706,203)	(21,222,452)
Net cash used for investing activities	**(746,332)**	**(2,661,632)**
III. CASH FLOWS FROM FINANCING ACTIVITIES :		
Short term borrowings from banks, net	100,456	311,799
Unsecured Loans	78,643	65,817
Dividend paid	(500,000)	(300,000)
Dividend tax paid	(84,975)	(50,985)
Interest paid	(39,588)	(30,925)
Recovery of ESOP Compensation Expense from subsidiaries	11,080	23,257
Net cash generated from/(used for) financing activities	**(434,384)**	**18,963**
IV. NET CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III)	(20,817)	5,965
V. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	81,244	75,279
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)	**60,427**	**81,244**
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
Cash on Hand	2,515	3,997
Balances with Banks - in current accounts (excluding Unclaimed Dividend)	46,478	43,695
- in deposit accounts	7,568	32,142
- in unpaid dividend accounts*	3,866	1,410
	60,427	**81,244**

* - These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 28, 2009

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Notes to the Financial Statements for the year ended March 31, 2009

(All amounts in Indian Rupees and US Dollars are in thousands, except share and per share data)

1. Background

a. Incorporation and history

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Syngene International Limited ('Syngene'), promoted by Dr. Kiran Mazumdar Shaw, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99 per cent of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. Clinigene International Limited ('Clinigene') was incorporated on August 4, 2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31, 2001. Biocon entered into an agreement to set up a Joint Venture Company Biocon Biopharmaceuticals Private Limited ('BBPL') with CIMAB SA ('CIMAB'), to manufacture and market products using technology and to carry out research activities. BBPL was incorporated on June 17, 2002. On April 18, 2003, Biocon acquired a 51 per cent shareholding in BBPL.

On January 10, 2008, Biocon entered into an agreement to set up a Joint Venture Company with Dr. B.R. Shetty to form a joint venture company NeoBiocon FZ-LLC, incorporated in Dubai ('NeoBiocon').

The Company has also established Biocon Research Limited, a subsidiary of the Company to undertake research in novel and innovative drug initiatives.

Effective April 30, 2008, Biocon acquired 71% equity interest in AxiCorp GmbH, Germany through its newly incorporated wholly owned subsidiary company Biocon SA, Switzerland. In February 2009, Biocon SA acquired an additional 7.4% equity interest in AxiCorp GmbH.

Biocon is engaged in the manufacture of biotechnology products in the pharmaceutical sector through fermentation based technology and is also engaged in the formulation business. During the year ended March 31, 2007, the Company has received an approval as the developer as Biocon SEZ at the Biocon Park facility at also received an approval for SEZ unit to be located within Biocon SEZ.

2. Statement of significant accounting policies

a. (i) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

For the purpose of administration of the employee stock option plans of the Company, the Company has established the Biocon India Limited Employee Welfare Trust ('ESOP Trust'). The ESOP trust is consolidated with the accounts of the Company.

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Changes in Accounting Policies

Exchange Differences on Long Term Foreign Currency Monetary Items

Upto March 31, 2008, the Company was charging off exchange differences arising on foreign currency monetary assets and liabilities to the profit and loss account. During the year ended March 31, 2009, pursuant to Companies (Accounting Standards) Amendment Rules, 2009, notified on March 31, 2009, the Company has exercised the option of deferring the charge to the Profit and Loss Account arising on exchange differences, in respect of accounting periods commencing on or after December 7, 2006, on long-term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origination). As a result, such exchange differences so far as they relate to the acquisition of a depreciable capital asset have been adjusted with the cost of such asset and would be depreciated over the balance life of the asset, and in other cases, have been accumulated in Foreign Currency Monetary Item Translation Difference Account and would be amortized over the balance period of such long-term asset/ liability but not beyond, accounting period ending on or before March 31, 2011.

There has been no impact of the above adoption on the financial results of the Company for the year ended March 31, 2009.

b. Fixed assets and depreciation

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, and accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Fixed assets, other than freehold land, but including revalued buildings, are depreciated pro rata to the period of use, on the straight line method at the annual rates based on the estimated useful lives, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher, as follows:

Nature of asset	Per cent
Buildings	4.00
Plant and machinery	9.09 - 33.33
Research and development equipment	11.11
Furniture and fixtures	16.67
Vehicles	16.67

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities. Leasehold improvements are being depreciated over the lease term or useful time whichever lower.

The depreciation charge over and above the depreciation calculated on the original cost of the revalued assets is transferred from the revaluation reserve to the profit and loss account.

Assets individually costing less than Rs 5 are fully depreciated in the year of purchase.

c. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

d. Intangible assets

Intellectual Property rights

Costs relating to intellectual property rights which are acquired are capitalised and amortised on a straight-line basis over their estimated useful lives or ten years whichever is lower.

Research and Development Costs

Research and development costs, including technical know-how fees, incurred for development of products are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an intangible asset to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of a capital nature is added to fixed assets. Development costs carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

e. Inventories

Inventories are valued as follows:

Raw materials and packing materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first-out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories.
Work-in-progress and finished goods	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 of finished goods includes excise duty.
Traded goods	Lower of cost and net realizable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable 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.

f. Revenue recognition

(i) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and other levies. For the purposes of disclosure in these financial statements, sales are reflected gross and net of excise duty in the profit and loss account.

(ii) The Company enters into certain dossier sales, licensing and supply agreements and revenue from such agreements are recognised in the period in which the Company completes all its performance obligations.

g. Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long-term investments. 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.

h. Retirement benefits

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the government funds are due.

(ii) Gratuity liability is a defined benefit obligations 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/losses are immediately taken to profit and loss account and are not deferred.

(iii) Leave encashment liability is in accordance with the rules of the Company. Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method made at the end of each financial year.

i. Foreign currency transactions

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.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortised over the balance period of such long-term asset/ liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. However, exchange difference in respect of accounting period commencing on or after December 7, 2006 arising on the forward exchange contract undertaken to hedge the long-term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term asset/liability but not beyond March 31, 2011.

j. Income tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a 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 asset can be realised. 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.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

k. Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

l. Earnings per share (EPS)

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 is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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.

m. 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 on a straight-line basis over the lease term.

Where the Company is a Lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised on a straight line basis over the lease term. Costs, including depreciation are recognised as an expense. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately.

n. Segment reporting

Identification of segments:

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

Inter-segment Transfers:

The Company generally accounts for inter-segment sales and transfers at an agreed marked-up price.

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:

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

Segment 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.

o. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outfow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

q. Cash and Cash Equivalents

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

r. Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the profit and loss account. Net gains are ignored.

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3. Share capital	March 31, 2009	March 31, 2008
Authorised:		
220,000,000 (March 31, 2008 - 120,000,000) equity shares of Rs 5 each (March 31, 2008 - Rs 5 each)	1,100,000	600,000
Issued, subscribed and paid-up:		
200,000,000 (March 31, 2008 - 100,000,000) equity shares of Rs 5 each (March 31, 2008 - Rs 5 each), fully paid	**1,000,000**	**500,000**

(a) Of the above equity shares:

(i) 30,800 equity shares of Rs 100 each were allotted as fully paid bonus shares by capitalisation of general reserve in the year ended March 31, 1997.

(ii) 23,471 equity shares of Rs 100 each were allotted as fully paid-up shares in the year ended March 31, 2000 pursuant to a contract for consideration other than cash.

(iii) On March 30, 2002, the Company acquired 99.9 per cent equity in Syngene through the issue of 202,780 equity shares of Rs 10 each. The consideration was determined on the basis of a fair valuation, as approved by the statutory authorities in India. The related securities premium at Rs 403.8 per equity share has been credited to securities premium account.

(b) Also refer to Note 19 for shares allotted under the Employees Stock Option Plan.

(c) On November 11, 2003, the Company issued 86,324,700 equity shares of Rs 5 each as fully paid-up bonus shares by capitalisation of balance in the profit and loss account of Rs 431,624.

(d) On September 15, 2008 the Company issued 100,000,000 equity shares of Rs 5 each as fully paid bonus shares by capitalisation of balance in the securities premium account of Rs 500,000.

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4. Reserves and surplus	March 31, 2009	March 31, 2008
Revaluation Reserve		
Balance	9,489	11,090
Less: Transfer to profit and loss account	-	1,601
	9,489	**9,489**
Securities Premium		
Balance	3,288,478	3,288,478
Less: Utilised during the year for issuance of bonus shares	(500,000)	-
	2,788,478	**3,288,478**
ESOP trust		
Balance	145,856	98,690
Add: Dividend, interest income and profit on sale of shares, net	23,929	47,166
	169,785	**145,856**
General Reserve		
Balance	1,415,552	980,627
Add: Transfer from Profit and Loss Account	111,799	434,925
	1,527,351	**1,415,552**
Stock compensation adjustment (Also see note 19)		
Stock options outstanding	313,950	324,318
Additions during the year	3,836	-
Deletions during the year	23,981	10,368
	293,805	313,950
Less: Deferred employee stock compensation expense	49,345	96,324
	244,460	**217,626**
Balance in profit and loss account	**8,009,190**	**7,704,962**
	12,748,753	**12,781,963**

(i) Deferred employee stock compensation expense (Also see note 19):		
Stock compensation expense outstanding at the beginning of the year	96,324	162,415
Stock options granted during the year	3,836	-
Stock options cancelled/forfeited during the year	(23,981)	(10,368)
Stock compensation expense amortised during the year*	(15,754)	(32,466)
Stock compensation expense charged to Subsidiaries during the year	(11,080)	(23,257)
Closing balance of deferred employee stock compensation expense	**49,345**	**96,324**

* Including a sum of Rs Nil (March 31, 2008 - Rs 4,829) being the compensation cost for employees of the discontinued operations.

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5. Secured loans	March 31, 2009	March 31, 2008
From banks		
Cash credit, packing credit, etc.	1,014,565	892,634
	1,014,565	**892,634**

(a) Cash credit, packing credit, etc.

(i) The Company has fund based working capital facilities with State Bank of India (SBI). These facilities are repayable on demand, secured by a pari-passu first charge on current assets. The Company has utilised Rs 291 [March 31, 2008 - Rs 443,148 inclusive of foreign currency loans of Rs Nil (US$ Nil) (March 31, 2008 - Rs 432,944) (US$ 10,841)].

(ii) The Company has fund based working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand, secured by pari-passu first charge on current assets. As on March 31, 2009, the Company has utilised fund based limits of Rs 784,274 (March 31,2008 - Rs 242,738), inclusive of foreign currency denominated loans of Rs 763,050 (US$ 15 Million) [March 31, 2008 - Rs 239,820 (US$ 6,000)].

(iii) The Company has working capital facilities with Canara Bank ('CB'). These facilities are repayable on demand, secured by a pari-passu first charge on current assets of the Company. As on March 31, 2009, the Company has utilised Rs Nil (March 31, 2008 - Rs 206,748) inclusive of foreign currency denominated loans of Rs Nil (US$ Nil) [March 31, 2008 - Rs 196,372 (US$ 4,913)].

(iv) The Company has fund based working capital facility with ABN Amro Bank . These facilities are repayable on demand, secured by a pari-passu first charge on the current assets of the Company. As on March 31, 2009 the Company has utilised Rs 230,000 (March 31, 2008 - Rs Nil).

(v) All the above banks have entered into an inter-se agreement for operational convenience for the above working capital limits effecting the modification of the above charge and creation of a pari-passu charge on the current assets of the Company in favour of all the above banks.

6. Unsecured loans	March 31, 2009	March 31, 2008
Deferred payment liability	611,550	543,039
NMITLI - CSIR Loan	3,312	3,180
Financial assistance from DSIR	10,000	-
	624,862	**546,219**

(i) Under the Industrial Policy of the Government of Karnataka, the Company on February 4, 1998 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 8 years with respect to sales from its Bommasandra manufacturing facility for an amount not exceeding Rs 24,375. As at March 31, 2009, the Company has utilised Rs 354 (March 31, 2008 - Rs 354).

(ii) Under the Agro Food Processing Industrial Policy of the Government of Karnataka, the Company on February 9, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding Rs 648,938. As at March 31, 2009, the Company has utilised Rs 611,196 (March 31, 2008 - Rs 542,685).

(iii) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of Rs 3,312 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 annual equal installments starting from April 2009 and carry an interest rate of 3 per cent per annum. The amount due for repayment within one year is Rs 331.

(iv) During the year ended March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') has sanctioned financial assistance for a sum of Rs 17,000 to the Company for part financing one of it's research projects. Of the said sanctioned amount, the Company has received the first installment of Rs 10,000 during the year. The research project is ongoing and is expected to be completed in June 2009. The assistance is repayable in the form of royalty payments post commercialisation of the project in five annual installments.

7. Deferred tax liability (net)	Deferred tax (asset)/ liability as at March 31, 2008	Current year charge/(credit)	Deferred tax (asset)/ liability as at March 31, 2009
Depreciation/Amortisation	429,076	21,836	450,912
Employee retirement benefits	(13,941)	(4,302)	(18,243)
Provision for doubtful debts	(13,599)	(5,363)	(18,962)
Others	(3,299)	–	(3,299)
	398,237	**12,171**	**410,408**
Year ended March 31, 2008	397,569	668	398,237

The Company has export oriented units which claim deduction of income under the provisions of the Income Tax Act, 1961. Deferred Tax asset/liability is recognised in respect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

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8. (i) Fixed assets	Balance at the beginning of the year	Additions during the year	Deletions during the year	Balance at the end of the year
Cost/Valuation				
Land				
Freehold (revalued)	8,967	-	-	8,967
Freehold (others)	52,088	-	-	52,088
Leasehold	226,420	-	-	226,420
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	1,658,489	159,801	-	1,818,290
Leasehold improvements	3,191	-	-	3,191
Plant and machinery	5,714,294	641,665	-	6,355,959
Research and development equipment	760,915	139,604	-	900,519
Furniture and fixtures	67,093	19,604	-	86,697
Vehicles	17,063	401	-	17,464
	8,525,081	961,075	-	9,486,156
Year ended March 31, 2008	8,099,852	595,401	170,172	8,525,081
Accumulated depreciation				
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	198,552	69,227	-	267,779
Leasehold improvements	795	319	-	1,114
Plant and machinery	1,507,913	553,015	-	2,060,928
Research and development equipment	239,688	90,975	-	330,663
Furniture and fixtures	36,613	10,849	-	47,462
Vehicles	6,363	2,445	-	8,808
	2,006,485	726,830	-	2,733,315
Year ended March 31, 2008	1,449,958	675,581	119,054	2,006,485
Net book value				
Land				
Freehold (revalued)	8,967			8,967
Freehold (others)	52,088			52,088
Leasehold	226,420			226,420
Buildings (revalued)	-			-
Buildings (others)	1,459,937			1,550,511
Leasehold improvements	2,396			2,077
Plant and machinery	4,206,381			4,295,031
Research and development equipment	521,227			569,856
Furniture and fixtures	30,480			39,235
Vehicles	10,700			8,656
	6,518,596			6,752,841
Year ended March 31, 2008	6,649,894			6,518,596

Notes:

(a) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation upto that date, as per valuers reports and the resultant surplus of Rs 34,529 was credited to revaluation reserve. Of this reserve, Rs 25,040 (March 31, 2008 - Rs 25,040) has been transferred to the profit and loss account for depreciation on these assets or adjusted on the sale of these assets.

(b) On December 5, 2002, Karnataka Industrial Areas Development Board ('KIADB') allotted land aggregating to 26.75 acres to the Company for Rs 64,200 on a lease-cum sale basis for a period of 6 years, extended subsequently for further period of 14 years. During the year ended March 31, 2005, the Company acquired an additional 41.25 acres of land for Rs 99,417 from KIADB. During the quarter ended June 30, 2005, the Company paid an advance of Rs 56,320 towards allotment of additional 19.68 acres of land, offered to the Company by KIADB on December 20, 2003. The Company has received the possession certificate from KIADB in January 2006 and entered into an agreement with KIADB to acquire this plot of land on lease cum sale basis for a period of 20 years during the year ended March 31, 2007. The registration for a part of the land under this lease is pending settlement of certain disputes in respect of claims made against KIADB.

(c) During the year ended March 31, 2008, the Company has been allotted land measuring approximately 50 acres at the Jawaharlal Nehru Pharma City, Vishakapatnam, Andhra Pradesh, on a long-term lease basis for a consideration of Rs 260,100. As at March 31, 2009, the Company has paid the entire consideration towards the lease and is in the process of completing the formalities for registering the said lease in favour of the Company.

8. (ii) Intangible assets	Balance at the beginning of the year	Additions during the year	Amortisation/ Impairment during the year	Balance at the end of the year
Cost / Acquisition				
Intellectual Properties from Nobex				
- Under development	220,000	-	-	220,000
- Under commercialisation	81,138	-	-	81,138
Marketing rights for products	-	128,850	-	128,850
	301,138	**128,850**	**-**	**429,988**
Year ended March 31, 2008	521,138	-	220,000	301,138
Accumulated Amortisation				
Intellectual Properties from Nobex				
- Under commercialisation	25,138	16,000	-	41,138
	25,138	**16,000**	**-**	**41,138**
Year ended March 31, 2008	9,138	16,000	-	25,138
Net Value				
Intellectual Properties from Nobex				
- Under development	220,000			220,000
- Under commercialisation	56,000			40,000
Marketing rights for products	-			128,850
	276,000			**388,850**
Year ended March 31, 2008	512,000			276,000

(i) The Company acquired patents relating to certain technologies for oral insulin, oral BNP and Apaza (collectively IP's) for a total cost of Rs 521,138.

In the Board meeting of October 18, 2006, the Company decided to license out it's IP (Apaza) and certain other IP's for further development and commercialisation, and amortised Apaza over a period of 5 years effective October 2006.

In December 2007, as a matter of prudence, the Company recorded a total impairment of Rs 220,000, in respect of one of it's intellectual property (Oral BNP) acquired by the Company during the year ended March 31, 2006 for drug development. The Company determined to expense the intangible assets in view of adverse reports and decline in sales trend of Natrear/Neseritide, a competing drug.

(ii) The Oral Insulin product is in the development stage, and hence no amortisation has been recorded by the Company.

(iii) During the year ended March 31, 2009, the Company acquired marketing rights of certain products from BBPL for a sum of Rs 128,850. These rights give the Company an exclusive right of marketing the products in certain territories. Pending receipt of regulatory approvals from the authorities of such countries, no amortisation has been recorded by the Company

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9. Investments	March 31, 2009	March 31, 2008
Long-term investments (At cost)		
A) Non trade:		
National Savings Certificates	13	13
	13	**13**
B) Trade investments:		
In subsidiary companies:		
Unquoted and fully paid-up		
50,000 (March 31, 2008 - 50,000) equity shares of Rs 10 each of Clinigene International Limited	500	500
2,874,830 (March 31, 2008 - 2,874,830) equity shares of Rs 10 each of Syngene International Limited	84,328	84,328
499,400 (March 31, 2008 - Nil) equity shares of Re 1 each of Biocon Research Limited	499	-
100,000 (March 31, 2008 - Nil) equity shares of CHF 1 each of Biocon SA, Switzerland	3,960	-
In Joint Venture Companies:		
Unquoted and fully paid-up		
8,976,000 (March 31, 2008 - 8,976,000) equity shares of Rs 10 each of Biocon Biopharmaceuticals Private Limited	89,760	89,760
150 (March 31, 2008 - 150) equity shares of United Arab Emirates Dirham (AED) 1,000 each of Neo Biocon FZ LLC	1,613	1,613
C) Others		
Shares of the Company held by ESOP Trust (Quoted)	121,438	90,578
Unquoted and fully paid-up		
2,722,014 (March 31, 2008 - 2,722,014) Series B1 Preferred convertible Stock at US$ 1.55 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	185,795	185,795
2,857,142 (March 31, 2008 - 1,428,571) Series A Preferred Stock at US$ 0.70 each, fully paid, par value US$ 0.00001 each of IATRICa Inc., USA	90,370	39,650
	578,263	**492,224**
	578,276	**492,237**

(i) During the year ended March 31, 2009, Biocon Research Limited was incorporated as a wholly owned subsidiary for undertaking research in novel and innovative drug initiatives. As at March 31, 2009 Biocon Research Limited is yet to commence commercial activities.

(ii) During the year ended March 31, 2009, Biocon SA a wholly owned subsidiary was incorporated in Switzerland for development and marketing of biopharmaceuticals in European markets. As at March 31, 2009, Biocon SA acquired 78% equity interest in AxiCorp GmbH, Germany and has commenced clinical development of insulin for the European markets.

(iii) Biocon Biopharmaceuticals Private Limited (BBPL), Bangalore, India is a 51% joint venture between the Company and CIMAB SA, engaged in research, development, manufacturing and marketing of Biopharmaceuticals. At March 31, 2009, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of BBPL is Rs 449,718 (March 31, 2008 - Rs 446,075), Rs 422,992 (March 31, 2008 - Rs 378,751), Rs 94,651(March 31, 2008 - Rs 69,899) and Rs 121,036 (March 31, 2008 - Rs 137,791) respectively. Further, the Company has granted a long-term loan of Rs 317,511 (March 31, 2008 - Rs 281,617) to fund the operations of BBPL repayable over a period of 5 years and carry an interest of 10.5% p.a. [See Note 22]. The share of the Company in the accumulated losses of BBPL as at March 31, 2009 stood at Rs 192,447 (March 31, 2008 - Rs 166,062). Since BBPL has commenced full fledged operations only recently, and considering the future business potential, management believes that there is no diminution in the value of the investment.

(iv) NeoBiocon FZ LLC (NeoBiocon), was incorporated in Dubai as a 50% joint venture between the Company and B R Shetty, is engaged in development, marketing and distribution of biopharmaceuticals in the Gulf region. As at March 31, 2009, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon is Rs 5,059 (March 31, 2008 - Rs 3,093) and Rs 3,595 (March 31, 2008 - Rs 3,902), Rs 4,251 (March 31, 2008 - Rs Nil) and Rs 8,225 (March 31, 2008 - Rs 2,441 respectively). The share of the Company in the accumulated losses of NeoBiocon as at March 31, 2009 stood at Rs 6,792 (March 31, 2008 - 2,441). Since NeoBiocon has commenced marketing/distribution activities during the current year, the management believes that, there is no diminution in the value of the investment.

(v) As on March 31, 2009, the ESOP Trust held 7,055,168 shares (March 31, 2008 - 3,403,759) of the Company towards grant/exercise of shares to/by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer Note 19.

(vi) The Company has entered into a 'Securities Purchase Agreement' with Vaccinex Inc., USA ('Vaccinex') on November 3, 2004 to invest an amount of US$ 4 million (US$ 1 million in Series B1 Preferred Convertible Stock and US$ 3 million in Series B Convertible Promissory Notes). Further, the Company has entered into a 'Research and Collaboration Agreement' to discover, develop, and commercialize human therapeutic monoclonal antibodies.

Vaccinex is engaged in research and development activities and has been incurring losses. As Vaccinex is a development stage enterprise and of strategic importance to the Company, it believes that there is no diminution in the value of this investment.

(vii) The Company has entered into a 'Securities Purchase Agreement' with IATRICa Inc, USA ('IATRICa') on January 18, 2008 to invest an amount of US$ 3 Million in Series A Preferred Stock. Further, the Company has entered into a 'Development and License Agreement' to research, develop and commercialise novel immuno conjugates for treatment of cancer and infectious disorders. The Company has 22% voting rights in IATRICa.

Other Investments	March 31, 2009	March 31, 2008
Current and unquoted (at lower of cost and fair market value)		
29,108,926 units (March 31, 2008 - Nil) of Rs 10 each in Birla Sun Life Liquid Plus [Market Value Rs 291,287 (March 31, 2008 - Rs Nil)]	291,287	-
7,231,070 units (March 31, 2008 - Nil) of Rs10 each in Birla Sun Life Short Term Fund [Market Value Rs 72,351 (March 31, 2008 - Rs Nil)]	72,351	-
27,811,567 units (March 31, 2008 - Nil) of Rs10 each in Fortis Money Plus Fund Institutional Plan [Market Value Rs 278,202 (March 31, 2008 - Rs Nil)]	278,202	-
67,895,791 units (March 31, 2008 - Nil) of Rs10 each in HDFC Cash Management Fund [Market Value Rs 681,097 (March 31, 2008 - Rs Nil)]	681,097	-
60,485,439 units (March 31, 2008 - 2,854,677) of Rs10 each in ICICI Prudential Flexible Income Plan [Market Value Rs 639,543 (March 31, 2008 - Rs Nil)]	639,543	-
4,332,133 units (March 31, 2008 - 4,040,196) of Rs10 each in Kotak Flexi Debt Fund [Market Value Rs 43,527 (March 31, 2008 - Rs Nil)]	43,527	-
826,143 units (March 31, 2008 - 194,118) of Rs 1001 each in Reliance Liquid Plus Fund [Market Value Rs 827,085 (March 31, 2008 - Rs Nil)]	827,079	-
2,274,143 units (March 31, 2008 - Nil) of Rs 10 each in Tata Floater Fund [Market Value Rs 22,822 (March 31, 2008 - Rs Nil)]	22,822	-
19,81,816 units (March 31, 2008 - Nil) of Rs 10 each in HSBC Cash Institutional Fund [Market Value Rs 20,690 (March 31, 2008 - Rs Nil)]	20,690	-
11,96,345 units (March 31, 2008 - Nil) of Rs 10 each in HSBC Ultra Short Term Bond Fund [Market Value Rs 11,981 (March 31, 2008 - Rs Nil)]	11,981	-
Nil units (March 31, 2008 - 1,025,462) of Rs 10 each in HSBC Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 100,381)]	-	100,381
Nil units (March 31, 2008 - 54,880,236) of Rs 10 each in Templeton Floating Rate Fund [Market Value Rs Nil (March 31, 2008 - Rs 549,357)]	-	549,357
Nil units (March 31, 2008 - 2,029,909) of Rs 10 each in HSBC Flexi Debt Fund [Market Value Rs Nil (March 31, 2008 - Rs 20,299)]	-	20,299
Nil units (March 31, 2008 - 56,042) of Rs 10 each in ICICI Prudential Liquid Plan [Market Value Rs Nil (March 31, 2008 - Rs 560)]	-	560
Nil units (March 31, 2008 - 41,846,818) of Rs 10 each in ING Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 418,606)]	-	418,606
Nil units (March 31, 2008 - 47,443,051) of Rs 10 each in Lotus India Liquid Plus [Market Value Rs Nil (March 31, 2008 - Rs 475,175)]	-	475,175
Nil units (March 31, 2008 - 194,118) of Rs 1001 each in Reliance Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 194,338)]	-	194,337
Nil units (March 31, 2008 - 4033,100) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 40,363)]	-	40,331
Nil units (March 31, 2008 - 50,301) of Rs 1,000 each in UTI Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 50,312)]	-	50,312
Nil units (March 31, 2008 - 13,122,113) of Rs 10 each in Sundaram BNP Liquid Plus [Market Value Rs Nil (March 31, 2008 - Rs 131,549)]	-	131,533
Nil units (March 31, 2008 - 2,854,677) of Rs 10 each in ICICI Flexible [Market Value Rs Nil (March 31, 2008 - Rs 30,184)]	-	30,184
Nil units (March 31, 2008 - 48,920,390) of Rs 10 each in JM Money Manager Fund [Market Value Rs Nil (March 31, 2008 - Rs 489,404)]	-	489,404
Nil units (March 31, 2008 - 50,238) of Rs 1,000 each in Mirae Asset Liquid Plus [Market Value Rs Nil (March 31, 2008 - Rs 50,308)]	-	50,238
Nil units (March 31, 2008 - 4,040,196) of Rs 10 each in Kotak Flexi Debt Scheme [Market Value Rs Nil (March 31, 2008 - Rs 40,528)]	-	40,528
Nil units (March 31, 2008 - 10,000,000) of Rs 10 each in ING Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 100,484)]	-	100,484
Nil units (March 31, 2008 - 56,015) of Rs 10 each in Reliance Liquidity Fund [Market Value Rs Nil (March 31, 2008 - Rs 560)]	-	560
Nil units (March 31, 2008 - 30,116,289) of Rs 10 each in Tata Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 301,475)]	-	301,475
Nil units (March 31, 2008 - 61,893) of Rs 1,000 each in DSP Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 61,930)]	-	61,917
Nil units (March 31, 2008 - 20,395,756) of Rs 11 Each in Birla Dynamic Bond Fund [Market Value Rs Nil (March 31, 2008 - Rs 214,904)]	-	214,674
Nil units (March 31, 2008 - 35,000,000) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 350,532)]	-	350,000
Nil units (March 31, 2008 - 26,915,214) of Rs 10 each in DWS Credit Opportunities Fund [Market Value Rs Nil (March 31, 2008 - Rs 270,627)]	-	270,010
Nil units (March 31, 2008 - 29,000,000) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 290,487)]	-	290,000
Nil units (March 31, 2008 - 10,000,000) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 101,097)]	-	100,000
	2,888,579	**4,280,365**
	3,466,855	**4,772,602**
Aggregate value of unquoted investments	3,345,417	4,682,024
Aggregate value of quoted investments (cost)	121,438	90,578
Aggregate value of quoted investments (market value)	1,009,947	1,447,108
(a) Other Investments include current and unquoted investments of the ESOP Trust of Rs 32,671 (March 31, 2008 - Rs Nil)		

The following investments were purchased and sold during the year :	March 31, 2009	March 31, 2008
Purchase and Sale of 250,050 Units (March 31, 2008 - Nil) of Rs 1,000 each in Bharti AXA Liquid Fund	250,050	-
Purchase and Sale of 252,936 Units (March 31, 2008 - Nil) of Rs 1,000 each in Bharti AXA Treasury Plus Fund	252,936	-
Purchase and Sale of 4,990,940 Units (March 31, 2008 - 64,873,497) of Rs 10 each in Birla Sun Life Cash Plus Fund	49,909	650,000
Purchase and Sale of 7,056,224 Units (March 31, 2008 - Nil) of Rs10 each in Birla Sun Life Interval Income Fund	70,562	-
Purchase and Sale of 24,479,518 Units (March 31, 2008 - 74,968,767) of Rs 10 each in Birla Sun Life Liquid Plus Fund	244,795	750,197
Purchase and Sale of 10,255,095 Units (March 31, 2008 - Nil) of Rs 10 each in Canara Robeco Fixed Maturity Plan	102,551	-
Purchase and Sale of 29,973,324 Units (March 31, 2008 - Nil) of Rs 10 each in Canara Robeco Monthly Interval Fund	299,733	-
Purchase and Sale of 1,994,067 Units (March 31, 2008 - Nil) of Rs 10 each in DBS Chola Liquidity Fund	19,941	-
Purchase and Sale of 1,430,419 Units (March 31, 2008 - 300,046) of Rs 10 each in DWS Money Plus Fund	14,304	300,046
Purchase and Sale of 36,380,936 Units (March 31, 2008 - 430,005,712) of Rs 10 each in Fortis Money Plus Fund	363,809	430,059
Purchase and Sale of 8,000,666 Units (March 31, 2008 - Nil) of Rs 10 each in Fortis Overnight Fund	80,007	-
Purchase and Sale of 37,431,798 Units (March 31, 2008 - Nil) of Rs 19 each in HDFC Cash Management Fund	707,461	-
Purchase and Sale of 102,757,805 Units (March 31, 2008 - Nil) of Rs 10 each in HDFC Cash Management Fund	1,027,578	-
Purchase and Sale of 13,732,221 Units (March 31, 2008 - Nil) of Rs 10 each in HDFC Liquid Fund	140,069	-
Purchase and Sale of 28,553,280 Units (March 31, 2008 - Nil) of Rs 12 each in HDFC Liquid Fund	351,205	-
Purchase and Sale of 55,735,034 Units (March 31, 2008 - 140,823,674) of Rs 10 each in HSBC Cash Fund	557,350	1,409,025
Purchase and Sale of 20,754,520 Units (March 31, 2008 - Nil) of Rs 10 each in HSBC Fixed Term Series - 48	207,545	-
Purchase and Sale of 21,154,352 Units (March 31, 2008 - Nil) of Rs 10 each in HSBC Floating Rate Fund	211,544	-
Purchase and Sale of 20,365,559 Units (March 31, 2008 - Nil) of Rs 10 each in HSBC Interval Fund Plan	203,656	-
Purchase and Sale of 71,381,134 Units (March 31, 2008 - 165,187,063) of Rs 10 each in HSBC Ultra Short Term Bond Fund	713,811	1,653,946
Purchase and Sale of 7,539,028 Units (March 31, 2008 - Nil) of Rs 11 each in ICICI Monthly Interval Plan	79,914	-
Purchase and Sale of 19,357,623 Units (March 31, 2008 - 47,270,636) of Rs 11 each in ICICI Prudential Flexible Income Plan	203,255	499,816
Purchase and Sale of 20,467,500 Units (March 31, 2008 - Nil) of Rs 16 each in ICICI Prudential Flexible Income Plan	327,480	-
Purchase and Sale of 55,507,786 Units (March 31, 2008 - 124,993,750) of Rs 10 each in ICICI Prudential Institutional Liquid Plan	555,078	1,250,000
Purchase and Sale of 5,993,748 Units (March 31, 2008 - 45,944,407) of Rs 10 each in ING Liquid Fund	59,937	460,000
Purchase and Sale of 24,131,620 Units (March 31, 2008 - 291,137,540) of Rs 10 each in ING Liquid Plus Fund	241,316	291,472
Purchase and Sale of 4,226,120 Units (March 31, 2008 - 38,335,504) of Rs 10 each in Kotak Flexi Debt Fund	42,261	384,547
Purchase and Sale of 3,464,165 Units (March 31, 2008 - 34,756,013) of Rs 12 each in Kotak Liquid Fund	42,263	425,000
Purchase and Sale of 4,198,700 Units (March 31, 2008 - Nil) of Rs 10 each in Kotak Monthly Interval Plan	43,247	-
Purchase and Sale of 25,524,426 Units (March 31, 2008 - Nil) of Rs 10 each in Lotus India Fixed Maturity Plan - 3 Months Series	255,244	-
Purchase and Sale of 60,352,195 Units (March 31, 2008 - 83,490,531) of Rs 10 each in Lotus India Liquid Fund	603,522	835,011
Purchase and Sale of 138,391,858 Units (March 31, 2008 - 97,344,072) of Rs 10 each in Lotus India Liquid Plus Fund	1,383,919	974,969
Purchase and Sale of 22,427,340 Units (March 31, 2008 - Nil) of Rs 12 each in Lotus India Liquid Plus Fund	260,157	-
Purchase and Sale of 20,018,000 Units (March 31, 2008 - Nil) of Rs 10 each in Lotus India Quarterly Interval Fund	200,180	-
Purchase and Sale of 20,217,183 Units (March 31, 2008 - Nil) of Rs 10 each in Lotus India Quarterly Interval Fund	202,172	-
Purchase and Sale of 5,118,028 Units (March 31, 2008 - Nil) of Rs 10 each in Lotus India Quarterly Interval Fund	51,180	-
Purchase and Sale of 67,003,421 Units (March 31, 2008 - Nil) of Rs 10 each in Lotus Liquidity Fund	670,034	-
Purchase and Sale of 70,079 Units (March 31, 2008 - Nil) of Rs 1,001 each in Mirae Asset Liquid Fund	70,128	-
Purchase and Sale of 308,387 Units (March 31, 2008 - Nil) of Rs 959 each in Mirae Asset Liquid Plus Fund	308,819	-
Purchase and Sale of 114,871 Units (March 31, 2008 - 859,644) of Rs 1,001 each in Reliance Liquid Plus Fund	114,997	860,586
Purchase and Sale of 81,996,902 Units (March 31, 2008 - 98,613,398) of Rs 10 each in Reliance Liquidity Fund	819,969	986,440
Purchase and Sale of 25,025,738 Units (March 31, 2008 - 24,999,000) of Rs 17 each in Reliance Medium Term Fund	427,940	250,005
Purchase and Sale of 20,935,560 Units (March 31, 2008 - Nil) of Rs 10 each in SBI Premier Liquid Fund	209,356	-
Purchase and Sale of 7,585,400 Units (March 31, 2008 - Nil) of Rs 10 each in Standard Chartered Floating Rate Fund	75,854	-
Purchase and Sale of 39,998 Units (March 31, 2008 - Nil) of Rs 550 each in Standard Chartered Liquidity Manager Fund	22,003	-
Purchase and Sale of 21,285,796 Units (March 31, 2008 - Nil) of Rs 10 each in State Bank of India Short Term Horizon Fund	212,858	-
Purchase and Sale of 14,937,416 Units (March 31, 2008 - Nil) of Rs 10 each in Sundaram BNP Liquid Fund	150,868	-
Purchase and Sale of 15,140,275 Units (March 31, 2008 - 4,835,148) of Rs 10 each in Sundaram BNP Liquid Plus Plan	151,403	48,467
Purchase and Sale of 9,795,486 Units (March 31, 2008 - Nil) of Rs10 each in TATA Dynamic Bond Fund	100,894	-
Purchase and Sale of 35,872,295 Units (March 31, 2008 - Nil) of Rs10 each in Tata Floater Fund	358,723	-
Purchase and Sale of 264,736 Units (March 31, 2008 - Nil) of Rs 1,115 each in Tata Liquid Fund	295,075	-
Purchase and Sale of 99,740 Units (March 31, 2008 - Nil) of Rs 1,003 each in TATA Treasury Manager Ship	100,039	-
Purchase and Sale of 10,093,900 Units (March 31, 2008 - Nil) of Rs 10 each in Taurus Fixed Maturity Plan	100,939	-
Purchase and Sale of 25,206,125 Units (March 31, 2008 - Nil) of Rs 10 each in Taurus Fixed Maturity Plan	252,061	-
Purchase and Sale of 5,003,172 Units (March 31, 2008 - Nil) of Rs 10 each in Templeton Ultra Short Bond Fund	50,032	-
Purchase and Sale of 225,883 Units (March 31, 2008 - 49,046) of Rs 1,019 each in UTI Liquid Fund - Cash Plan	230,265	50,000
Purchase and Sale of 431,045 Units (March 31, 2008 - Nil) of Rs 1,000 each in UTI Liquid Plus Fund - Institutional Plan	431,131	-
Purchase and Sale of 1,376,156 Units (March 31, 2008 - Nil) of Rs 18 each in UTI Money Market Plan	25,046	-
Purchase and Sale of Nil Units (March 31, 2008 - 237,993) of Rs 1,001 each in DSP Liquid Plus Fund	-	238,122
Purchase and Sale of Nil Units (March 31, 2008 - 48,031,044) of Rs 10 each in DWS Credit Oppurtunities Fund	-	482,788
Purchase and sale of Nil units (March 31, 2008 - 46,000,000) of Rs 10 each in ABN Amro Cash Fund	-	460,001
Purchase and sale of Nil units (March 31, 2008 - 74,850,299) of Rs 10 each in DWS Insta Cash Plus Fund	-	750,000
Purchase and sale of Nil units (March 31, 2008 - 87,499,125) of Rs 10 each in Fidelity Cash Fund	-	875,000
Purchase and sale of Nil units (March 31, 2008 - 87,514,175) of Rs 10 each in Fidelity Liquid Plus	-	875,233
Purchase and sale of Nil units (March 31, 2008 -5,499,557) of Rs 10 each in Grindlays FRF	-	55,012
Purchase and sale of Nil units (March 31, 2008 - 54,988) of Rs 1,000 each in Grindlays Liquidity Manager	-	55,000
Purchase and sale of Nil units (March 31, 2008 - 14,991,108) of Rs 10 each in JP Morgan Liquid Plus Fund	-	150,045
Purchase and sale of Nil units (March 31, 2008 - 9,995,502) of Rs 10 each in Reliance Monthly Interval Fund	-	100,006
Purchase and Sale of Nil Units (March 31, 2008 - 29,950,582) of Rs 10 each in JM High Liquidity	-	300,000
Purchase and sale Nil of units (March 31, 2008 - 9,425,515) of Rs 11 each in Reliance Short Term Fund	-	99,406

10. Inventories (at lower of cost and net realisable value)	March 31, 2009	March 31, 2008
Raw materials	627,420	593,749
Goods-in-bond/goods-in-transit (Raw materials)	73,220	137,438
Packing materials	51,733	20,711
Work-in-progress	1,044,012	801,492
Finished goods, including traded goods of Rs 116,360 and Rs 67,705 respectively	148,839	123,960
	1,945,224	**1,677,350**

11. Sundry debtors (unsecured)	March 31, 2009	March 31, 2008
Debts outstanding for a period exceeding six-months		
Considered good	229,036	80,435
Considered doubtful	56,231	40,454
Other debts		
Considered good	2,872,677	2,176,194
	3,157,944	2,297,083
Less: Provision for doubtful debts	56,231	40,454
	3,101,713	**2,256,629**
(a) Included in sundry debtors are dues from companies under the same management:		
i. Syngene	64,353	-
ii. BBPL	7,474	-
iii. AxiCorp	4,203	-
iv. Biocon SA	139,984	-

12. Cash and bank balances	March 31, 2009	March 31, 2008
Cash on hand	2,515	3,997
Balances with scheduled banks:		
In current accounts	41,645	44,534
In exchange earners foreign currency account	8,699	571
In deposit accounts	7,568	32,142
	60,427	**81,244**

(a) Balances with scheduled banks in current accounts include balances in unclaimed dividend account of Rs 3,866 (March 31, 2008 - Rs 1,410).
(b) Balances with scheduled banks in current accounts and deposit account include the balances of the ESOP Trust of Rs 4,800 (March 31, 2008 - Rs 41,719) and Rs 2,168 (March 31, 2008 - Rs 2,142), respectively.

13. Loans and advances (Unsecured and considered good)	March 31, 2009	March 31, 2008
Advances recoverable in cash or in kind or for value to be received	170,798	142,083
Intercorporate loans to Subsidiary/Joint Venture Company	2,024,938	581,540
Other Receivables	-	36,255
Duty drawback receivable, net of provision of Rs 238 (March 31, 2008 - Rs 1,984)	6,208	14,371
Deposits	70,961	69,708
Balances with Customs, Excise and Sales Tax Authorities	243,488	281,568
MAT Credit entitlement	87,068	-
Advance income-tax, net of provision	59,287	109,932
	2,662,748	**1,235,457**

(a) Advances recoverable in cash or in kind or for value to be received include amounts due from employees to the ESOP Trust of Rs 6,226 (March 31, 2008 - Rs 6,428).
(b) Included under advance tax is Rs 13,998 (March 31, 2008 - Rs 13,998) and provision for taxation of Rs 9,520 (March 31, 2008 - Rs 9,031) of the ESOP Trust.

	March 31, 2009	March 31, 2008
(c) Included under Intercorporate loans are amounts due from Companies under the same management:		
(a) Subsidiary		
Clinigene	290,735	299,923
Maximum amount outstanding at any time during the year	359,629	329,177
Biocon SA	1,416,692	-
Maximum amount outstanding at any time during the year	1,489,215	-
(b) Joint Venture Company		
BBPL	317,511	281,617
Maximum amount outstanding at any time during the year	388,746	300,025
(d) Dues from companies under the same management		
(a) BBPL	1,073	-
Maximum amount outstanding at any time during the year	1,200	-
(b) Biocon SA	45,976	-
Maximum amount outstanding at any time during the year	45,976	-

14. Current liabilities and provisions	**March 31, 2009**	**March 31, 2008**
Liabilities		
Sundry Creditors		
Capital	153,825	301,351
Others	1,064,437	1,030,374
Advances from customers	24,789	58,271
Defered revenues	484,424	–
Balance in current account with bank representing book overdraft	–	21,089
Interest accrued but not due	279	338
Investor Education and Protection Fund shall be credited by		
- Unclaimed dividend	3,866	1,410
Other liabilities	465,350	250,681
	2,196,970	**1,663,514**
Provisions		
Proposed dividend	600,000	500,000
Tax on proposed dividend	101,970	84,975
Provision for Contingencies	–	50,000
Leave encashment	45,813	42,945
Gratuity	9,653	641
Superannuation	2,536	2,536
Fringe benefit tax, net of advance tax	–	555
	759,972	**681,652**
	2,956,942	**2,345,166**

(a) Other liabilities include Rs 691 (March 31, 2008 - Rs 559) due to Ms Kiran Mazumdar Shaw, Managing Director and the maximum amount outstanding at any time during the year was Rs 1,162 (March 31, 2008 - Rs 3,556).

(b) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act")

	March 31, 2009	**March 31, 2008**
(i) Principal amount due	9,144	15,982
Interest due thereon remaining unpaid as at the end of the year	70	139
(ii) Interest, if any paid in terms of Section 16 of the MSMED Act, 2006	–	–
Amount of delayed payments actually made to the suppliers during the year	102,485	43,931
(iii) Interest due and payable for the period of delay in making payment during the year	1,484	856
(iv) Interest accrued and remaining unpaid at the end of the year	264	194
(v) Interest remaining due and payable in succeeding years	264	194

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

15. Other income	**March 31, 2009**	**March 31, 2008**
Interest income from intercorporate loans and others [gross of tax deducted at source - Rs 5,434 (March 31, 2008 - Rs 2,112)]	25,174	9,324
Dividend earned		
On Current investments (trade)	215,945	138,746
Gain on investments sold, net	734	729
Miscellaneous income (including cross charge to subsidiary companies)	505,885	373,953
	747,738	**522,752**

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16. Manufacturing, contract research and other expenses	March 31, 2009	March 31, 2008
Raw materials and packing materials consumed, net of duty drawback of Rs 7,465 (March 31, 2008 - Rs14,810)	3,988,697	3,742,542
Purchase of goods for resale	320,103	291,344
Employee costs		
Salaries, wages and bonus	665,824	571,936
Group's contribution to provident fund	31,766	29,909
Gratuity and leave encashment	22,001	(6,802)
Employee stock compensation expense	15,754	27,637
Directors sitting fees	660	570
Welfare expenses	84,636	73,013
Operation and other expenses:		
Royalty and technical fees	11,304	11,882
Rent	15,075	9,667
Communication expenses	33,211	31,274
Travelling and conveyance	129,096	120,737
Professional charges	104,743	107,772
Power and fuel	712,231	761,171
Insurance	17,053	22,748
Rates, taxes and fees, net of refunds of taxes Rs 4,354 (March 31,2008- Rs 10,257)	11,339	(4,529)
Lab consumables	112,205	87,483
Repairs and maintenance		
Plant and machinery	125,367	116,037
Buildings	14,783	16,008
Others	74,749	77,880
Selling expenses		
Freight outwards and clearing charges	67,389	65,208
Sales promotion expenses	187,349	134,993
Commission and brokerage (other than sole selling agents)	91,922	114,045
Excise duty on closing stock	(255)	(4,212)
Bad debts written off	7	97
Provision for bad and doubtful debts	15,777	10,899
Exchange fluctuation (net)	(4,810)	(18,683)
Loss/(gain) on forward / option contracts, net	-	(28,085)
Printing and stationery	12,871	10,498
Loss on sale of assets, net	-	36
Research & development expenses	283,002	191,169
Miscellaneous expenses	60,619	66,709
	7,204,468	**6,630,953**
(Increase)/decrease in inventories of finished goods and work-in-progress:		
Opening inventories:		
Finished goods, net of excise duty	121,943	86,557
Work-in-progress	801,492	717,276
	923,435	803,833
Closing inventories:		
Finished goods, net of excise duty	(147,077)	(121,943)
Work-in-progress	(1,044,012)	(801,492)
	(1,191,089)	(923,435)
	(267,654)	(119,602)
	6,936,814	**6,511,351**

17. Research and development expenses

Research and development expenses aggregate to Rs 743,717 (March 31, 2008 - Rs 646,459) and include Rs 139,604 (March 31, 2008 - Rs 170,335) on research and development equipment and Rs 6,051 (March 31, 2008 - Rs 5,003) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.

18. Interest and finance charges	March 31, 2009	March 31, 2008
Interest paid on:		
Packing credit, cash credit from banks	39,529	22,010
Bank charges	9,842	6,688
	49,371	**28,698**

19. Employee stock compensation

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries. A Compensation Committee has been constituted to administer the plan through a trust established specifically for this purpose, called the Biocon India Limited Welfare Trust (ESOP Trust).

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Compensation Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant I

On September 27, 2001, the Company granted 71,510 options under the ESOP Plan 2000 to be exercised at a grant price of Rs 10 (before adjusting bonus and share split). The options vested with the employees equally over a four year period.

Grant II

Effective January 1, 2004, the Company granted 142,100 options (shares of Rs 5 each) under ESOP Plan 2000 to be exercised at a price of Rs 5 per share. The options vest with the employees equally over a four year period.

Details of Grant II

Particulars	March 31, 2009		March 31, 2008	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	10,780	5.0	27,440	5.0
Granted during the year	-	-	-	-
Forfeited during the year	-	-	490	5.0
Adjustment for issuance of Bonus share during the year	4,900	-	-	-
Exercised during the year	7,840	4.4	16,170	5.0
Expired during the year	-	-	-	-
Outstanding at the end of the year	7,840	2.5*	10,780	5.0
Exercisable at the end of the year	7,840	2.5*	10,780	5.0
Weighted average remaining contractual life (in years)	1	-	2	-

*adjusted for the effect of bonus shares.

Grant III

On January 18, 2004, the Board of Directors announced the Biocon Employee Stock Option Plan (ESOP Plan 2004) for the grant of stock options to the employees of the Company and its subsidiaries, pursuant to which the Compensation Committee on March 19, 2004 granted 422,000 options under the ESOP Plan 2004 to be exercised at a grant price of Rs 315 being the issue price determined for the IPO through the book building process. The options vest with the employees equally over a four year period.

Details of Grant III

Particulars	March 31, 2009		March 31, 2008	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	58,750	315.0	76,000	315
Granted during the year	-	-	-	-
Forfeited during the year	-	-	17,250	315
Adjustment for issuance of Bonus shares during the year	57,350	-	-	-
Exercised during the year	3,150	227.5	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	112,950	157.5*	58,750	315
Exercisable at the end of the year	112,950	157.5*	58,750	315
Weighted average remaining contractual life (in years)	2	-	3	-

*adjusted for the effect of bonus shares.

Grant IV

On July 19, 2006, the Company approved the grant of 3,478,200 options to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from July 18, 2006, respectively, with an exercise period of three years for each grant. The vesting conditions include completion of two years of service and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Companys' shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2009		March 31, 2008	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	2,927,299	289.0	3,251,640	278
Granted during the year	34.855	463.0	311,821	395
Forfeited during the year	298,170	306.0	484,262	275
Adjustment for issuance of Bonus shares during the year	2,657,284	-	-	-
Exercised during the year	27,380	171.0*	151,900	275
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,293,888	147.0*	2,927,299	289
Exercisable at the end of the year	1,997,298	137.5*	201,025	275
Weighted average remaining contractual life (in years)	2.9	-	3.9	-
Weighted average fair value of options granted (Rs)	110.0	-	161.2	-

*adjusted for the effect of bonus shares.

The average market price of the Company's share during the year ended March 31, 2009 was Rs 163.42 per share (after adjustment for the bonus shares).

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

Particulars	March 31, 2009	March 31, 2008
Weighted Average Remaining Contractual Life in options (Years)	2.9	3.9
Weighted Average Exercise Price	147*	289
Expected volatility	37.62%	37.62%
Historical volatility	34.29%	34.29%
Life of the options granted (vesting and exercise period) in years	6.20	6.20
Expected dividends	2.45	2.45
Average risk-free interest rate	7.80%	7.80%
Expected dividend rate	0.57%	0.57%

*adjusted for the effect of bonus shares.

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

Particulars	March 31, 2009	March 31, 2008
Net Profit after taxes	1,117,997	4,349,245
Add: Employee stock compensation under intrinsic value	15,754	27,637
Less: Employee stock compensation under fair value	41,665	54,167
Proforma profit	1,092,086	4,322,715
Earnings per Shares - Basic		
- As reported	5.79	22.51
- Proforma	5.66	22.38
Earnings per Shares - Diluted		
- As reported	5.64	21.84
- Proforma	5.51	21.70

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A summary of movement in respect of the shares held by the ESOP Trust is as follows:

Particulars	March 31, 2009	March 31, 2008
Opening balance of equity shares not granted to employees and available with the ESOP Trust	3,403,759	3,355,080
Add: Shares purchased by the ESOP trust	300,000	216,749
Less: Shares alloted to the employees	(38,370)	(168,070)
Add: Bonus shares (1:1)	3,389,779	-
Closing balance of shares not granted to employees and available with the ESOP Trust	7,055,168	3,403,759
Options granted and eligible for exercise at end of the year	2,118,088	270,555
Options granted but not eligible for exercise at end of the year	3,296,590	2,726,274

20. Reconciliation of basic and diluted shares used in computing earnings per share	March 31, 2009	March 31, 2008
Basic outstanding shares	200,000,000	200,000,000
Less: Shares with the ESOP Trust	7,055,168	6,807,518
	192,944,832	193,192,482
Add: Effect of dilutive options granted but not exercised/not eligible for exercise	5,414,678	5,993,658
Weighted average shares outstanding and potential options outstanding	198,359,510	199,186,140

Note: The data on number of shares for year ended March 31, 2008 have been adjusted for the bonus shares issued by the Company on September 15, 2008 in the ratio 1:1.

21. Exceptional items, net

Exceptional items [income/(expense)], net, for the year ended March 31, 2009 comprise of the following:

	Gross	Tax effect	Net
i. Mark to market losses in respect of foreign exchange forward contracts	(1,017,450)	77,326	(940,124)
ii. Writeback of unutilised provision for contingencies created in the prior year related to the transfer of enzymes business.	20,000	-	20,000
Total	(997,450)	77,326	(920,124)

Exceptional items [income/(expense)], net, for the year ended March 31, 2008 comprise of the following:

	Gross	Tax effect	Net
i. Net gain on sale of net assets of discontinued operations	3,297,546	(758,670)	2,538,876
ii. Impairment of intellectual property	(220,000)	74,778	(145,222)
Total	3,077,546	(683,892)	2,393,654

i. During the year ended March 31, 2009, the Company had entered into foreign exchange forward contracts to hedge highly probable forecasted transactions. The Company recorded mark to market losses in respect of foreign exchange forward contracts including realised gains/losses on termination/cancellation of said contracts.

ii. Effective October 1, 2007, the Company transferred the net assets of the Enzymes business amounting to Rs 464,122 to a third party for a consideration of Rs 3,957,566 and recorded a gain of Rs 3,297,546, net of expenses including (provision for contingencies Rs 50,000) incidental and attributable to the sale of the business.

iii. In December 2007, as a matter of prudence, the Company recorded a total impairment of Rs 220,000, in respect of one of it's intellectual property (Oral BNP) acquired by the Company during the year ended March 31, 2006 for drug development. The Company determined to expense the intangible assets in view of adverse reports and decline in sales of Natrear/Nasertide, a competing drug.

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22. Related party transactions

Sl No	Name of the related party	Relationship	Description	April 1, 2008 to March 31, 2009	Balance as at March 31, 2009 (Payable)/receivable	April 1, 2007 to March 31, 2008	Balance as at March 31, 2008 (Payable)/receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(11,769)	(691)	(11,592)	(559)
2	John Shaw	Director	Salary and perquisites	(7,369)	-	(7,662)	-
3	Syngene	Subsidiary	Rent income	3,090	-	2,704	-
			Rent deposit received	-	(2,135)	(1,085)	(2,135)
			Power and facility charges recovered	156,131	54,525	104,104	-
			Sale of goods	14,935	9,828	104	-
			ESOP Compensation recovery	11,996	-	19,115	-
			Management charges received	2,400	-	2,400	-
4	Clinigene	Subsidiary	Power charges	-	-	280	-
			Rent income	-	-	140	-
			Management charges received	1,200	-	1,200	-
			Fees for research services	(109,940)	(26,630)	(46,677)	(9,669)
			ESOP Compensation recovery	(1,336)	-	4,096	-
			Lab service charges (Health Checkup)	(3,564)	-	(1,938)	-
			Unsecured Loan	(9,188)	290,735	135,543	299,923
5	BBPL	51% Joint Venture	Interest income on unsecured loan	23,987	-	9,324	-
			Rent income	814	-	942	-
			Rent deposit received	-	(590)	-	(590)
			Management charges received	1,200	1,073	1,200	-
			Personnel Deputation Charges	(8,739)	(1,660)	(3,323)	-
			Unsecured Loan	35,894	317,511	129,950	281,617
			Purchase of Intangible assets	(128,850)	-	-	-
			Rent paid	(308)	-	-	-
			Vialling charges recovered	11,014	3,891	5,649	-
			ESOP Compensation recovery	420	-	46	-
			Power and Facility charges paid	(52,370)	(13,310)	(51,690)	-
			Purchase of materials	(121,467)	(12,577)	(93,285)	(7,666)
			Power and Facility charges recovered	37,175	3,583	54,649	-
6	Biocon SA	Subsidiary	Licensing fees of products	414,297	139,984	-	-
			Unsecured Loan	1,416,692	1,416,692	-	-
			Expenses recoverable	45,976	45,976	-	-
			Equity contribution	3,960	3,960	-	-
7	AxiCorp GmbH	Fellow Subsidiary	Purchase of lab consumables	(1,763)	-	-	-
			Recharge of expenses	4,203	4,203	-	-
8	NeoBiocon FZ LLC	50% Joint Venture	Sale of goods	2,886	2,886	-	-
			Recharge of Expenses	2,314	2,314	-	-
			Equity contribution	-		1,613	1,613
9	IATRICa Inc.	Associate Company	Research and Development fees paid	(27,844)	-	(11,867)	-
			Investment in preferred stock	50,720	90,370	39,650	39,650
10	Glentec International	Enterprise owned by key management personnel	Lease Rentals	(2,628)	-	(1,400)	(1,400)
11	P K Associates	Properietary firm of Relative of Director	Lease Rentals	(206)	-	(207)	(14)
12	Biocon Research Limited	Subsidiary	Equity contribution	499	499	-	-

(a) The Company has given corporate guarantees of Rs 217,500 (March 31, 2008 - Rs 217,500) to the Customs and Excise department ('CED') on behalf of Syngene and Syngene has furnished a corporate guarantee of Rs 465,000 (March 31, 2008 - Rs 465,000) on behalf of the Company to the CED.
(b) Effective January 1, 2004, the Company entered into an agreement with Syngene, Clinigene and BBPL to provide general management support, for which an agreed upon management charge is levied.
(c) The Company has given corporate guarantee of Rs 131,352 (March 31, 2008 - Rs 131,352) to the Customs and Excise Department ('CED') on behalf of BBPL and a corporate guarantee of Rs 650,000 (March 31, 2008 - Rs 650,000) to the State Bank of India (SBI) towards term loan granted, to BBPL.
(d) The Company has given corporate guarantee of Rs 27,205 (March 31, 2008 - Rs 27,205) to the Customs and Excise Department ('CED') on behalf of Clinigene.
(e) The Company has entered into an agreement with Clinigene to provide professional services in the nature of clinical trials for its projects.
(f) Effective October 1, 2006, the Company's SEZ Developer Division has entered into service contracts with SEZ Unit of BBPL and SEZ Unit of Syngene for provision of certain facilities and services.
(g) The Company has taken office premises on lease at a monthly rental of Rs 121 from Glentec International effective from October 1, 2007.
(h) The Company has transferred certain development and marketing rights to Biocon SA for certain products for the European region at a Consideration of Rs 414,297 (Euro 6,500). Pending receipt of regulatory approvals, the same has been treated as deferred revenues by the Company at March 31, 2009.
(i) The Company has entered into an agreement with IATRICa Inc. for research and development of certain products.
(j) Prof. Charles L Cooney and Dr. Bala S Manian, non-executive directors of the Company, are Chairman and member of the Scientific Advisory Board of the Company and are paid sitting fees of Rs 454 (March 31, 2008 Rs 420) and Rs 202 (March 31, 2008 Rs 420) respectively.

23. Supplementary profit and loss data

	March 31, 2009	March 31, 2008
(i) Payments to auditors (included in professional charges)		
a) Statutory audit (including limited review of quarterly results)	1,275	1,450
b) Tax audit	125	125
c) Other matters (certification and other services)	275	200
d) Reimbursement of out-of-pocket expenses	310	269
	1,985	**2,044**
(ii) Managerial remuneration		
a) Remuneration to Managing Director		
Salary	8,493	8,236
Perquisites	2,791	2,897
Contribution to provident fund	485	459
	11,769	**11,592**
b) Remuneration to whole-time Director		
Salary	6,412	6,705
Perquisites	957	957
	7,369	**7,662**
c) Computation of net profits in accordance with Section 349 of the Companies Act, 1956 ('the Act')		
Net profit for the year before tax (before exceptional items)	2,142,088	2,061,975
Less:		
Exceptional items being mark to market loss in respect of foreign exchange forward contracts	(1,017,450)	-
	1,124,638	**2,061,975**
Add:		
Depreciation provided in the accounts	742,830	689,980
Managerial remuneration	19,138	19,254
Provision for bad and doubtful debts	15,777	10,899
	1,902,383	**2,782,108**
Less:		
Depreciation under Section 350 of the Act	742,830	689,980
	742,830	689,980
Net Profit for Section 198 of the Act	1,159,552	2,092,128
Maximum remuneration payable to whole-time Directors	115,955	209,213
Remuneration paid to Managing Director	11,769	11,592
Remuneration paid to whole-time Director	7,369	7,662

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

(iii) Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 ('the Act'):

a) Licensed capacity, installed capacity and actual production :

Class of goods			Actual Production	
	Licensed Capacity Kg	Installed Capacity Kg	March 31, 2009 Kg	March 31, 2008 Kg
Biochemicals:				
Enzymes *	*	**	-	2,132,314
Pharmaceutical *	*	**	8,590,394	7,234,395

* Exempted from the licensing provisions of the Industries (Development and Regulation) Act, 1951 in terms of notification No. S.O.477(E) dated July 25, 1991.

** Installed capacity has not been disclosed as these are variable and subject to changes in product mix, and utilisation of manufacturing facilities, given the nature of operations.

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b) Inventories and sales

Description	Opening Stock Quantity Kg	Opening Stock Value Rs	Sales Quantity Kg	Sales Value Rs	Closing Stock Quantity Kg	Closing Stock Value Rs
March 31, 2009						
Biochemicals						
Manufacturing:						
Pharmaceutical	23,460	56,255	8,577,159	8,608,926	36,695	32,479
Trading:						
Bio Pharmaceuticals	25,784,953 (Nos.)	67,705	75,610,054 (Nos.)	682,568	26,357,823 (Nos.)	116,360
		123,960		**9,291,494**		**148,839**
March 31, 2008						
Biochemicals						
Manufacturing:						
Enzymes	28,982	3,055	2,161,296	482,195	-	-
Pharmaceutical	124,521	57,375	7,335,456	7,559,273	23,460	56,255
Trading:						
Enzymes	11,906	2,950	31,595	11,696	-	-
Bio Pharmaceuticals	11,807,323 (Nos.)	29,406	66,820,919 (Nos.)	534,332	25,784,953 (Nos.)	67,705
		92,786		**8,587,496**		**123,960**

c) Purchase of traded goods:

		March 31, 2009 Quantity	March 31, 2009 Value	March 31, 2008 Quantity	March 31, 2008 Value
Biopharmaceuticals					
	Units - Kgs.	3,305	320,103	-	282,598
	Units - Nos.	76,182,924		80,798,549	
Enzymes			Nil	19,689	8,746

Note: Closing stock quantities are after a djusting write off items due to obolescence, difference at the time of physical count etc.

d) Details of consumption of raw materials, packing materials and stores:

	March 31, 2009 Quantity (Kg)	March 31, 2009 Amount	March 31, 2008 Quantity (Kg)	March 31, 2008 Amount
Bio Chemicals	14,967,609	3,921,916	32,765,282	3,672,283
Packing materials	-	66,781	-	70,259
	14,967,609	**3,988,697**	**32,765,282**	**3,742,542**

Consumption quantities and values have been derived on the basis of opening stock plus purchases less closing stock and therefore include adjustments ascertained during physical count, write off of obsolete items etc.

	March 31, 2009 Value	March 31, 2009 Percent	March 31, 2008 Value	March 31, 2008 Percent
Imported	2,566,684	64	2,445,663	65
Indigenous	1,422,013	36	1,296,879	35
	3,988,697	**100**	**3,742,542**	**100**

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	March 31, 2009	March 31, 2008
(iv) Value of imports calculated on C.I.F. basis: (on accrual basis)		
Raw materials	2,622,733	2,518,296
Packing materials	32,513	20,723
Maintenance Spares	13,821	26,087
Capital goods	239,037	300,946
	2,908,104	**2,866,052**
(v) Earnings in foreign currency: (on accrual basis)		
Export of goods on FOB basis	4,628,839	4,776,275
Recovery of freight, insurance etc. on exports	-	1,480
Technical licensing fees	89,005	448,413
	4,717,844	**5,226,168**
(vi) Dividend to non-resident shareholders: (remitted in foreign currency)		
Final Dividend		
Number of shareholders	16	17
Number of shares held	21,138,617	21,390,007
Dividend remitted (Rs in thousands)	105,693	64,170
Year to which it relates	2008	2007
(vii) Expenditure in foreign currency: (on accrual basis)		
Sales commission	79,556	80,325
Interest on Packing credit	35,241	18,303
Travel and Conveyance	11,919	10,817
Professional Charges, Clinical Trials and Patent Fees	82,545	138,156
Consumables	45,315	13,527
Maintenance expenditure	21,218	8,940
Others	73,181	55,374
	348,975	**325,442**
(viii) Research & Development Expenses (other than on equipments and buildings)		
Salaries, wages and bonus	131,625	118,411
Employee stock compensation expense	2,903	5,622
Lab consumables	112,205	87,483
Travel and Conveyance	8,192	12,557
Patent and Informatic search fees	39,827	38,909
Amortisation of IP Assets	16,000	16,000
Others	287,310	192,138
	598,062	**471,121**

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24. Commitments	March 31, 2009	March 31, 2008
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances .	106,501	391,260
Also refer Note 9 (vii) in respect of Company's committment to invest US$ 1 Million in Iatrica		
(b) Operating lease commitments		
Where the Company is a lessee:		
(i) Rent		
The Company has entered into various agreements for lease of building/office space which expires over a period upto September 2016. Gross rental expenses for the year aggregates to Rs 15,075 (March 31, 2008 - Rs 8,267). The committed lease rental in future are as follows :		
Not later than one year	14,097	10,735
Later than one year and not later than five years	21,604	21,331
Later than five years	1,981	4,273
(ii) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire in March 2013. Gross rental expenses for the year aggregate to Rs 8,984 (March 31, 2008 - Rs 7,517). The committed lease rental in the future are:		
Not later than one year	9,024	6,697
Later than one year and not later than five years	13,246	11,529
Where the Company is a Lessor:		
(i) Rent		
The Company has leased out certain parts of its building (including fitouts) and land on an operating lease, which expire over a period upto 2016. Gross rental income for the year aggregate to Rs 25,313 (March 31, 2008 - Rs 14,858). Further, minimum lease receipts under operating lease are as follows:		
Not later than one year	24,688	24,464
Later than one year and not later than five years	92,474	98,365
Later than five years	72,337	94,556

25. Contingent liabilities	March 31, 2009	March 31, 2008
(a) Taxation matters under appeal	141,268	44,336
(b) Corporate guarantees		
(i) Corporate guarantee given in favour of the Central Excise Department (CED) in respect of certain performance obligations of Syngene. Syngene has informed that necessary terms and conditions have been complied with and no liabilities have arisen.	217,500	217,500
(ii) Corporate guarantee given by Syngene in favour of the CED in respect of certain performance obligations of Biocon.	465,000	465,000
(c) Corporate guarantees given in favour of the CED in respect of certain performance obligations of BBPL. BBPL has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	131,352	131,352
(d) Corporate guarantees given in favour of the CED in respect of certain performance obligations of Clinigene. Clinigene has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	27,205	27,205
(e) Corporate guarantees given in favour of the State Bank of India (SBI), towards Term loan granted to BBPL. BBPL has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	650,000	650,000

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26. Foreign exchange forward contracts and unhedged foreign currency exposures

The Company has entered into foreign exchange forward and option contracts to hedge highly probable forecasted transactions in foreign currency. As at March 31, 2009, the Company has forward exchange contracts to sell US$ 54,000 (March 31, 2008 - US$ 58,000) and sell EUR 20,000 (March 31, 2008 - nil) in respect of the forecasted transaction. In addition as at March 31, 2009, the Company has European style option contracts of US$ 24,000 (March 31, 2008 - nil) with periodical maturity dates upto March 2011.

The unhedged foreign currency exposure as at the Balance Sheet date is as given below:

	March 31, 2009	March 31, 2008
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:		
Receivables	477,240	218,712
Unsecured Loan to Subsidiary	67,460	-
Sundry Creditors	492,038	354,238
Packing Credit	763,050	869,507

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27. Employee Benefit Plans

A summary of the gratuity plan is as follows:

Fund balance

	March 31, 2009	March 31, 2008
Defined benefit obligation	64,109	49,081
Fair value of plan assets	54,456	48,440
Plan Liability	9,653	641
The change in benefit obligation and funded status of the gratuity plan is as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	49,081	58,413
Current Service cost	7,402	7,041
Past Service cost	-	-
Interest cost	4,580	4,250
Benefits paid	(1,271)	(16,350)
Actuarial (gain)/loss	4,317	(4,273)
Benefit obligation at the end of the year	64,109	49,081
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	48,440	59,952
Expected return on plan assets	3,876	4,838
Actuarial gain/(loss)	2,770	-
Actual contribution	641	-
Benefits paid	(1,271)	(16,350)
Fair value of plan assets at end of the year	54,456	48,440
Net gratuity cost:		
Components of net benefit cost		
Current Service cost	7,402	7,041
Past Service cost	-	-
Interest cost	4,580	4,250
Expected return on plan assets	(3,876)	(4,838)
Net actuarial (gain)/loss recognised during the year	1,547	(4,273)
Net gratuity cost	9,653	2,180
Actual return on plan assets	6,646	4,838
The assumptions used for gratuity valuation are as below:		
Interest rate	7.00%	8.20%
Discount rate	7.00%	8.20%
Expected Return on Plan Assets	8.00%	8.20%
Salary increase	8.00%	9.00%
Attrition rate upto age 44	20.00%	17.00%
Attrition rate above age 44	15.00%	16.00%
Retirement age - Years	58	58

The Company evaluates these assumptions based on its long-term plans of growth and industry standards and the expected contribution to the fund during the year ending March 31, 2010, is approximately Rs 10,064. (March 31, 2008 - Rs 641)

The nature of allocation of the fund is only in debt based funds of high credit rating.

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28. Segmental information

Business segments

The primary reporting of the Company has been performed on the basis of business segment. For the year ended March 31, 2009 consequent to the transfer of the enzymes business, the Company operated in a single business segment of pharmaceuticals. The Company is managed as one entity and is governed by similar sets of risks and rewards. Accordingly no additional disclosures are required as per Accounting Standard 17 on Segment Reporting for the year ended March 31, 2009.

Business Segment for the year April 1, 2007 to March 31, 2008

Particulars	Discontinued Operations [Enzymes]	Pharma	Unallocated	Eliminations	Total
Revenues					
External sales	457,016	8,312,236	-	-	8,769,252
Inter-segment transfers	20,231	-		(20,231)	-
Total revenues	477,247	8,312,236	-	(20,231)	8,769,252
Costs					
Segment costs	(358,734)	(5,056,771)	-	-	(5,415,505)
Inter-segment transfers	-	(20,231)	-	20,231	-
Result					
Segment result	118,513	3,235,234	-	-	3,353,747
Corporate expenses	-	-	(1,095,846)	-	(1,095,846)
Other income	-	-	513,428	-	513,428
Interest income	-	-	9,324	-	9,324
Operating profit					2,780,653
Depreciation	(7,984)	(681,996)	-	-	(689,980)
Interest expense	-	-	(28,698)	-	(28,698)
Income taxes - Current and deferred	-	-	(106,384)	-	(106,384)
Net profit before Exceptional items					1,955,591
Exceptional Income	-	-	3,297,546		3,297,546
Impairment Losses	-	(220,000)	-		(220,000)
Income Tax on Exceptional items	-	-	(683,892)		(683,892)
Profit after taxes					4,349,245
Other information					
Segment assets	-	12,029,589	-	-	12,029,589
Unallocated corporate assets	-	-	5,434,630	-	5,434,630
					17,464,219
Total assets					
Segment liabilities	-	3,149,044	-	-	3,149,044
Unallocated corporate liabilities	-	-	1,033,212	-	1,033,212
					4,182,256
Total liabilities					
Capital expenditure	-	595,401	-	-	595,401

Geographical segments

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

Sales Revenues, net	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
India	4,405,521	3,544,564
Exports	4,717,844	5,224,688
Total	**9,123,365**	**8,769,252**

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

	Carrying amount of segment assets	
	March 31, 2009	March 31, 2008
India	15,365,799	15,787,045
Outside India	3,389,731	1,677,174
	18,755,530	**17,464,219**

Segment revenue and result

The expenses that are not directly attributable and that cannot be allocated to a business segment on a reasonable basis are shown as unallocated corporate expenses.

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consist principally of fixed assets, investments and current assets. Segment liabilities comprise of loan funds which can be identified directly against the respective segments and includes segment current liabilities and provisions.

Assets and liabilities that have not been allocated between segments are shown as part of unallocated corporate assets and liabilities respectively.

29. Discontinuing Operations

On July 18, 2007, the Board of Directors of Biocon approved the sale of the Company's Enzymes business along with its assets and liabilities to a third party. On September 3, 2007, the shareholders of the Company approved the sale by way of a postal ballot.

Effective October 1, 2007, the Company transferred the net assets of the Enzymes business amounting to Rs 464 million for a consideration of Rs 3,958 million and recorded a gain of Rs 3,297 million net of expenses incidental and attributable to the sale of the business, including provision for contingencies of Rs 50,000.

As part of the sale agreement, the Company also entered into an agreement to lease certain fixed assets to such third party to carry on manufacturing activities out of such facilities, and to provide certain specified support services, effective October 1, 2007.

The net assets of the Enzymes Business as on the date of transfer are as follows.

	As at October 1, 2007
Fixed assets	50,417
Current assets	445,350
Current liabilities	104,093
Net assets	391,674

The net cash flows attributable to the Enzymes business are as follows:

	March 31, 2008
Operating	72,097
Investing	3,060,718
Financing	(1,427)
Net inflow/(outflows)	3,131,388

The following are the disclosures pertaining to the operating activities of the discontinued operations:

	March 31, 2008
Revenues	477,247
Operating costs	437,025
Profit/(Loss) from operating activities	40,222
Finance cost	1,427
Profit/(Loss) before tax	38,795
Income tax expense	10,533
Profit/(Loss) after tax	28,262

30. Prior years' comparatives

The previous years' figures have been re-grouped, where necessary to conform to current years' classification.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

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

per Sunil Bhumralkar
Partner
Membership No. 35141
Bangalore
April 28, 2009

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

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Balance Sheet Abstract and Company's General Business Profile

(All amounts in thousands of Rupees)

(a) **REGISTRATION DETAILS**	
Registration No.	3417
State Code	08
Balance Sheet Date	March 31, 2009
(b) **CAPITAL RAISED DURING THE YEAR**	
Public Issue	-
Right Issue	Nil
Bonus Issue	500,000
Private Placement	Nil
(c) **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**	
Total Liabilities and shareholders funds	18,755,530
Total Assets	18,755,530
Sources of Funds	
Paid up Capital	1,000,000
Reserves	12,748,753
Secured Loans	1,014,565
Unsecured Loans	624,862
Deferred tax liability	410,408
Application of Funds	
Net Fixed Assets	7,141,691
Capital work in progress	376,872
Long term Investments	3,466,855
Net Current Assets	4,813,170
(d) **PERFORMANCE OF THE COMPANY**	
Turnover	9,871,103
Total expenditure	7,729,015
Profit before tax	1,144,638
Profit after tax	1,117,997
Earnings per share in Rupees	5.79
Dividend rate %	60
(e) **GENERIC NAME OF PRINCIPAL PRODUCTS OF THE COMPANY**	
Item Code No. (ITC Code)	280000 & 290000
Product Description	Organic & Inorganic Chemicals
Item Code No. (ITC Code)	350790
Product Description	Enzymes for Pharmaceutical use

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 28, 2009

Kiran Kumar
Company Secretary

Biocon Limited & Subsidiaries - IGAAP

Auditors' Report

To the Board of Directors of Biocon Limited

We have audited the attached consolidated balance sheet of Biocon Limited ('the Company') and its subsidiaries, associate and joint ventures (together referred to as 'the Group'), as at March 31, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs 2,613 million as at March 31, 2009, total revenue of Rs 34 million and net cash inflows amounting to Rs 37 million for the year then ended.

We also did not audit the financial statements of another subsidiary, whose financial statements reflect total assets of Rs 2,493 million as at December 31, 2008, total revenue of Rs 4,696 million and net cash inflows amounting to Rs 11 million for the nine months period ended December 31, 2008.

The consolidated financial statements include total assets of Rs 5 million as at March 31, 2009 and total revenue of Rs 4 million and net cash outflow of Rs 1 million for the year then ended, being the proportionate share in a joint venture company which are based on financial statements audited by the other auditors.

The financial statements and other financial information of the above subsidiaries and joint venture company have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures [notified pursuant to the Companies (Accounting Standards) Rules, 2006].

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2009;

in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
June 19, 2009

BIOCON LIMITED

Consolidated Balance Sheet as at March 31, 2009

(All amounts in Indian Rupees thousands)

	Notes	March 31, 2009	March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	3	1,000,000	500,000
Reserves and Surplus	4	14,107,439	14,341,476
		15,107,439	14,841,476
Minority Interest	5	247,686	(73,218)
Loan Funds			
Secured Loans	6	3,957,338	1,350,434
Unsecured Loans	7	1,281,820	1,200,121
		5,239,158	2,550,555
Deferred Tax Liability	8	466,247	464,984
		21,060,530	**17,783,797**
APPLICATION OF FUNDS			
Fixed Assets			
Cost	9(i)	14,097,863	11,547,886
Less: Accumulated Depreciation		3,612,885	2,511,059
Net Book Value		10,484,978	9,036,827
Capital Work-in-Progress [Including Capital Advances of Rs 94,555 (March 31, 2008 - Rs 252,265)]		1,720,220	1,382,108
		12,205,198	10,418,935
Intangible Assets	9(ii)	1,630,656	276,000
Investments	10	3,676,225	4,747,673
Current Assets, Loans and Advances			
Inventories	11	3,191,811	1,789,783
Sundry Debtors	12	3,666,829	2,591,254
Cash and Bank Balances	13	118,051	96,165
Loans and Advances	14	947,202	869,203
		7,923,893	5,346,405
Less: Current Liabilities and Provisions	15		
Liabilities		3,569,682	2,300,282
Provisions		805,760	704,934
		4,375,442	3,005,216
Net Current Assets		3,548,451	2,341,189
		21,060,530	**17,783,797**

The accompanying notes form an integral part of the Consolidated Balance Sheet.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore
June 19, 2009

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

Kiran Mazumdar-Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Bangalore
April 28, 2009

BIOCON LIMITED

Consolidated Profit and Loss Account for the year ended March 31, 2009

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

	Notes	March 31, 2009	March 31, 2008
INCOME			
Gross sales		14,119,750	8,600,699
Less: Excise Duty		401,265	266,657
Net sales		13,718,485	8,334,042
Contract research		2,245,502	1,755,486
Licensing and development fees		122,735	448,413
Other income	16	645,532	364,108
		16,732,254	10,902,049
EXPENDITURE			
Manufacturing, contract research and other expenses	17	12,853,129	7,551,950
Interest and finance charges	19	176,615	101,801
		13,029,744	7,653,751
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAXES		3,702,510	3,248,298
Depreciation and Amortisation	9 (i), 9 (ii)	1,102,519	940,805
Less: Amount transferred from revaluation reserve	4	-	1,601
		1,102,519	939,204
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS		2,599,991	2,309,094
[Includes Rs Nil (March 31, 2008 - Rs 38,795), being profit from discontinued operations]			
Provision for income-tax			
Current tax		190,095	116,297
Less: MAT Credit Entitlement		(92,201)	(19,154)
Deferred taxes	8	1,263	16,674
Fringe Benefits		19,227	15,066
[Includes Rs Nil (March 31, 2008 - Rs 10,532), being tax on profit from discontinued operations]			
PROFIT AFTER TAXES, BEFORE EXCEPTIONAL ITEMS		2,481,607	2,180,211
[Includes Rs Nil (March 31, 2008 - Rs 28,263), being profit from discontinued operations]			
Share of losses in Associate Company		(7,199)	-
Minority interest	5	(71,306)	65,229
PROFIT AFTER TAXES, AFTER MINORITY INTEREST		**2,403,102**	**2,245,440**
Exceptional items, net	22	(1,549,211)	3,077,546
Less: Provision for Tax		77,326	(683,892)
PROFIT AFTER TAXES		931,217	4,639,094
Balance brought forward from previous year		9,246,379	5,627,185
PROFIT AVAILABLE FOR APPROPRIATION		10,177,596	10,266,279
Proposed dividend on equity shares		600,000	500,000
Tax on proposed dividend		101,970	84,975
Transfer to general reserve		111,799	434,925
BALANCE, TRANSFERRED TO BALANCE SHEET		**9,363,827**	**9,246,379**
Earnings per share (equity shares, par value of Rs 5 each)	21		
Basic (in Rs)		4.83	24.01
Diluted (in Rs)		4.69	23.29
Weighted average number of shares used in computing earnings per share	21		
Basic		192,944,832	193,192,482
Diluted		198,359,510	199,186,140

The accompanying Notes form an integral part of the Consolidated Profit and Loss Account.
As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore
June 19, 2009

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

Kiran Mazumdar-Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Bangalore
April 28, 2009

BIOCON LIMITED

Consolidated Statement of Cash Flows for the year ended March 31, 2009

(All amounts in Indian Rupees thousands)

	March 31, 2009	March 31, 2008
I. CASH FLOWS FROM OPERATING ACTIVITIES :		
Net profit including exceptional items, before tax	1,043,581	5,386,640
Adjustments for		
Depreciation and Amortisation	1,102,519	939,204
Unrealised exchange (gain)/loss	(85,965)	(5,097)
Exceptional items, net		
(a) Provision for contingencies writeback	(20,000)	-
(b) Unrealised mark to market loss on foreign exchange forward contracts	388,267	-
(c) Net gain on sale of net assets of discontinued operations	-	(3,297,546)
(d) Impairment of intellectual property	-	220,000
Loss of associate	7,199	-
Employee Stock Compensation Expense	26,834	50,894
Provision for bad and doubtful debts	15,777	10,899
Bad debts written off	7	372
Interest expense	163,972	103,655
Interest income	(1,425)	(1,854)
Dividend earned	(236,772)	(162,165)
Gain on sale of investment in mutual funds	(1,047)	(952)
Gain / (loss) on assets sold	(506)	4,333
Operating profit before working capital changes	**2,402,441**	**3,248,383**
Movements in working capital		
Inventories	(827,184)	(176,577)
Sundry debtors	(768,358)	464,753
Loans and advances	81,475	(206,808)
Current liabilities and provisions	231,994	92,032
Cash generated from operations	1,120,368	3,421,783
Tax paid (net of refunds)	(169,414)	(242,678)
Net cash provided by operating activities	**950,954**	**3,179,105**
II. CASH FLOWS FROM INVESTING ACTIVITIES :		
Fixed assets		
Purchase	(2,815,256)	(2,325,289)
Income from sale of business, net of taxes	-	2,668,447
Acquisition of Intangible assets	(140,140)	-
Acquisition of subsidiary, net of cash Rs 4,609	(693,414)	-
Interest received	1,425	1,896
Dividend received	236,772	162,165
Sale of investments	22,440,035	19,588,245
Movement in reserves of ESOP Trust	23,929	47,166
Purchase of shares by ESOP Trust	(30,860)	(89,893)
Purchase of investments		
Long term	(51,767)	(48,415)
Current	(21,292,579)	(23,405,790)
Net cash used for investing activities	**(2,321,855)**	**(3,401,468)**
III. CASH FLOWS FROM FINANCING ACTIVITIES :		
Long term borrowings from banks, net	341,437	27,880
Short term borrowings from banks, net	1,758,376	669,269
Repayment of loans	(70,000)	(80,000)
Unsecured Loans	81,366	69,729
Interest paid	(156,941)	(103,655)
Dividend paid	(500,000)	(300,000)
Dividend tax paid	(84,975)	(50,985)
Net cash provided by investing activities	**1,369,263**	**232,238**
IV. NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	**(1,638)**	**9,875**
V. FOREIGN CURRENCY TRANSLATION RESERVE	**23,524**	**-**
VI. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**96,165**	**86,290**
VII. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V + VI)	**118,051**	**96,165**
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
Cash on Hand	3,062	7,095
Balances with Banks - in current accounts (excluding Unclaimed Dividend)	103,555	49,531
- in deposit accounts	7,568	38,129
- in unpaid dividend accounts*	3,866	1,410
	118,051	**96,165**

* - These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore
June 19, 2009

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

Kiran Mazumdar-Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Bangalore
April 28, 2009

Notes to the Consolidated Financial Statements for the year ended March 31, 2009

(All amounts in Indian Rupees and US Dollars are in thousands, except share and per share data)

1. Background

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Syngene International Limited ('Syngene'), promoted by Dr Kiran Mazumdar Shaw, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99 per cent of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. Clinigene International Limited ('Clinigene') was incorporated on August 4, 2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31, 2001. Biocon entered into an agreement to set up a Joint Venture Company Biocon Biopharmaceuticals Private Limited ('BBPL') with CIMAB SA ('CIMAB'), a Company organised and existing under the laws of Cuba to manufacture and market products using technology and to carry out research activities. BBPL was incorporated on June 17, 2002. On April 18, 2003, Biocon acquired a 51 per cent shareholding in BBPL.

On January 10, 2008, Biocon entered into an agreement to set up a Joint Venture Company with Dr. B.R. Shetty to form a joint venture company NeoBiocon FZ-LLC, incorporated in Dubai ('NeoBiocon').

The Company has also established Biocon Research Limited, a subsidiary of the Company to undertake research in novel and innovative drug initiatives.

Effective April 30, 2008, Biocon acquired 71% equity interest in AxiCorp GmbH, Germany through its newly incorporated wholly owned subsidiary company Biocon SA, Switzerland. In February 2009, Biocon SA acquired an additional 7.4% equity interest in AxiCorp GmbH.

Pursuant to the Securities Purchase Agreement with IATRICa Inc, USA, ('IATRICa') the Company has invested in Series A Preferred Stock in IATRICa. The Company has significant influence over the financial and operating policies of IATRICa by virtue of its holding of 22% of the voting rights in IATRICa and representation on the board of directors of IATRICa.

Biocon and its subsidiaries and joint venture companies ("the Group") are engaged in the manufacture of biotechnology products in the pharmaceutical sector through fermentation based technology and are also engaged in the formulation business. The Group is also engaged in providing contract research services to overseas customers in the field of synthetic chemistry and molecular biology, sale of products arising from research activities and undertakes clinical research activities on discovering new biomarkers and is extending its activity to discovering new diseases subsets and novel data based on pharmacogenomics.

During the year ended March 31, 2007, the Company has received an approval as the developer as Biocon SEZ at the Biocon Park facility and also received an approval for SEZ unit to be located within Biocon SEZ.

2. Statement of significant accounting policies

a. (i) Basis of presentation and consolidation

The consolidated financial statements have been prepared under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out, on an accrual basis. The consolidated financial statements have been prepared to comply in all material respects with accounting standards, as applicable, notified by the Companies Accounting Standards Rules, 2006 to reflect the financial position and the results of operations of Biocon together with its subsidiaries, joint venture companies and associate company.

In accordance with Accounting Standard 27, 'Financial Reporting of Interests in Joint ventures', the interest in the joint venture company is accounted using proportionate consolidation on a line-by-line basis.

In accordance with Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements', the Group has accounted for its investments in associates under the equity method as per which the share of profit/(loss) of the associate company has been added to/reduced from the cost of investment.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

The consolidated financial statements of AxiCorp are drawn up to December 31, 2008 for the purpose of consolidation. Accordingly, the consolidated balance sheet as at March 31, 2009 and the financial results of the Group for the year then ended, include the consolidated balance sheet of AxiCorp as at December 31, 2008 and financial results for the period April 1, 2008 to December 31, 2008. The financial statements of other subsidiaries, joint ventures companies and associate company have been drawn upto the same reporting date as that of the Company i.e. March 31, 2009.

All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated.

For the purpose of administration of the employee stock option plans of the Group, the Company has established the Biocon India Limited Employee Welfare Trust ('ESOP Trust'). The ESOP trust is consolidated with the accounts of the Company.

(ii) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Changes in Accounting Policies

Exchange Differences on Long Term Foreign Currency Monetary Items

Upto March 31, 2008, the Group was charging off exchange differences arising on foreign currency monetary assets and liabilities to the profit and loss account. During the year ended March 31, 2009, pursuant to Companies (Accounting Standards) Amendments Rules, 2009, notified on March 31, 2009, the Group has exercised the option of deferring the charge to the Profit and Loss Account arising on exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, on long-term foreign currency monetary items (i.e. monetary assets or liabilities expressed in foreign currency and having a term of 12 months or more at the date of origination). As a result, such exchange differences so far as they relate to the acquisition of a depreciable capital asset have been adjusted with the cost of such asset and would be depreciated over the balance life of the asset, and in other cases, have been accumulated in Foreign Currency Monetary Item Translation Difference Account and would be amortized over the balance period of such long term asset/ liability but not beyond, accounting period ending on or before 31st March 2011.

During the year ended March 31, 2009, the Group has adjusted foreign exchange losses incurred on a long term foreign currency monetary items so far as they relate to acquisition of a depreciable capital asset, to the cost of such asset. Had the Group continued to use the earlier basis of accounting for exchange differences arising on long-term foreign currency monetary items, the charge to the Profit and Loss Account after tax for the current year would have been higher by Rs 35,270, and net block of fixed assets and capital work-in-progress would have been lower by the same amount.

b. Fixed assets and depreciation

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, and accumulated depreciation. The Group capitalises all costs relating to the acquisition and installation of fixed assets.

Fixed assets, other than freehold land, but including revalued buildings, are depreciated pro rata to the period of use, on the straight line method at the annual rates based on the estimated useful lives, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, as follows:

Nature of asset	Per cent
Buildings	4.00
Plant and machinery	9.09 - 33.33
Research and development equipment	11.11
Furniture and fixtures	16.67
Vehicles	16.67

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates currently charged by the Municipal Authorities. Leasehold improvements are being depreciated over the lease term or useful life whichever is lower.

The depreciation charge over-and-above the depreciation calculated on the original cost of the revalued assets is transferred from the revaluation reserve to the consolidated profit and loss account.

Assets individually costing less than Rs 5 are fully depreciated in the year of purchase.

c. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

d. Intangible assets

Goodwill

Goodwill represents the excess of the purchase price over the book value of the net assets of the acquired subsidiary company on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis.

Intellectual Property rights, contract rights and product licenses

Costs relating to intellectual property rights, contract rights and product licenses which are acquired are capitalized and amortized on a straight-line basis over their estimated useful lives or ten years whichever is lower.

Computer Software

Software which is not an integral part of the related hardware is classified as an intangible asset and is being amortised over a period of 3 years, being its estimated useful life.

Research and Development Costs

Research and development costs, including technical know-how fees, incurred for development of products are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an intangible asset to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of a capital nature is added to fixed assets. Development costs carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

e. Inventories

Inventories are valued as follows:

Raw materials, chemicals & reagents and packing materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duties on imported raw materials (excluding stocks in the bonded warehouse) are treated as part of the cost of the inventories.
Work-in-progress and finished goods	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 of finished goods includes excise duty.
Traded goods	Lower of cost and net realizable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable 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.

f. Revenue recognition

Sale of pharmaceuticals and compounds

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and other levies. For the purpose of disclosure in these consolidated financial statements, sales are reflected gross and net of excise duty in the consolidated profit and loss account.

Technical license agreements

The Group enters into certain dossier sales, licensing and supply agreements and revenue from such agreements are recognised in the period in which the Group completes all its performance obligations.

Contract research agreements

The Group enters into two basic types of contract research agreements and the revenues there from are recognised on the following basis:

i. Time and material management

Revenues are recognised as services are rendered, in accordance with contractual agreements.

ii. Fixed price arrangements

Revenues relating to fixed price contracts are recognised based on the percentage of completion method.

g. Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long-term investments. 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.

h. Retirement benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the government funds are due.

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 Group is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Leave encashment liability is in accordance with the rules of the Group. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method made at the end of each financial year

In case of foreign subsidiary companies, contributions are made as per the respective country laws and regulations. The same is charged to Profit and Loss Account on accrual basis. There are no obligations beyond the Company's contribution.

i. Foreign currency transactions

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.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortized over the balance period of such long-term asset/ liability but not beyond accounting period ending on or before 31st March, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. However, exchange difference in respect of accounting period commencing on or after 7th December ,2006 arising on the forward exchange contract undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset / liability but not beyond 31st March, 2011

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j. Income tax

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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 Group 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. At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a 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 asset can be realised. 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

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

k. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

l. Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

m. Earnings per share (EPS)

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).

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.

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 on a straight-line basis over the lease term.

Where the Company is a Lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised on a straight line basis over the lease term. Costs, including depreciation are recognised as an expense. Initial direct costs such as legal costs, brokerage costs, etc are recognised immediately.

o. Segment reporting

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of products manufactured/traded, with each segment representing a strategic business unit that offers different products to different markets. The analysis of geographical segments is based on the areas in which the Group's products are sold.

Inter-segment Transfers:

The Group generally accounts for intersegment sales and transfers at an agreed marked-up price.

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:

The Corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment policies:

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

p. Provisions

A provision is recognised for a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

r. Cash & Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less

s. Derivate Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the profit and loss account. Net gains are ignored.

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3. Share capital	**March 31, 2009**	March 31, 2008
Authorised:		
220,000,000 (March 31, 2008 - 120,000,000) equity shares of Rs 5 each (March 31, 2008 - Rs 5 each)	1,100,000	600,000
Issued, subscribed and paid-up:		
200,000,000 (March 31, 2008 - 100,000,000) equity shares of Rs 5 each (March 31, 2008 - Rs 5 each), fully paid	**1,000,000**	**500,000**

(a) Of the above equity shares:

(i) 30,800 equity shares of Rs 100 each were allotted as fully paid bonus shares by capitalisation of general reserve in the year ended March 31, 1997.

(ii) 23,471 equity shares of Rs 100 each were allotted as fully paid-up shares in the year ended March 31, 2000 pursuant to a contract for consideration other than cash.

(iii) On March 30, 2002, the Company acquired 99.9 per cent equity in Syngene through the issue of 202,780 equity shares of Rs 10 each. The consideration was determined on the basis of a fair valuation, as approved by the statutory authorities in India. The related securities premium at Rs 403.8 per equity share has been credited to securities premium account.

(b) Also refer note 20 for shares allotted under Employee Stock Option Plan.

(c) On November 11, 2003, the Company issued 86,324,700 equity shares of Rs 5 each as fully paid up bonus shares by capitalisation of the balance in the profit and loss account of Rs 431,624.

(d) On September 15, 2008 the Company issued 100,000,000 equity shares of Rs 5 each as fully paid bonus shares by capitalisation of balance in the share premium account of Rs.500,000.

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4. Reserves and surplus	March 31, 2009	March 31, 2008
Capital Reserve	17,094	17,094
	17,094	17,094
Revaluation Reserve		
Balance	9,488	11,089
Less: Transfer to profit and loss account	-	1,601
	9,488	**9,488**
Foreign Exchange Retranslation Reserve Account		
Balance	**(14,047)**	**-**
Securities Premium		
Balance	3,288,478	3,288,478
Utilised during the year for issuance of Bonus Shares	(500,000)	-
	2,788,478	**3,288,478**
General Reserve		
Balance	1,416,555	981,630
Add: Transfer from Profit and Loss Account	111,799	434,925
	1,528,354	**1,416,555**
ESOP trust		
Balance	145,856	98,690
Add: Dividend, profit on sale of shares and interest income, net	23,929	47,166
	169,785	**145,856**
Stock compensation adjustment (Also see note 20)		
Stock options outstanding	313,950	324,318
Additions during the year	3,836	-
Deletions during the year	23,981	10,368
	293,805	313,950
Less: Deferred employee stock compensation expense	49,345	96,324
	244,460	**217,626**
Balance in profit and loss account	9,363,827	9,246,379
	14,107,439	**14,341,476**

	March 31, 2009	March 31, 2008
(ii) Deferred employee stock compensation expense (See Note 20):		
Stock compensation expense outstanding	96,324	162,415
Stock options granted during the year	3,836	-
Stock options cancelled/ forfeited during the year	(23,981)	(10,368)
Stock compensation expense amortised during the year*	(26,834)	(55,723)
Closing balance of deferred employee stock compensation expense	**49,345**	**96,324**

* Including a sum of Rs Nil (March 31, 2008 - Rs 4,829) being the cost pertaining to employees of the discontinued operations.

5. Minority interest

Minority interest represents that part of the net profit and net assets of Syngene to the extent of 170 shares (0.01 per cent) and BBPL to the extent of 8,612,000. shares (49 per cent) and 22% of AxiCorp, which are attributable to interests which are not owned, directly or indirectly by Biocon.

	March 31, 2009	March 31, 2008
The share of the net assets attributabe to the minority shareholders is as follows:		
As per last balance sheet	(73,218)	(7,989)
Interest of Minority Shareholders of AxiCorp GmbH	249,598	-
Profit/(loss) for the year attributable to minority shareholders*	71,306	(65,229)
	247,686	**(73,218)**

* Amount for the year ended March 31, 2009 includes Rs 41,414 pertaining to share of losses of the joint venture partner in BBPL absorbed by Biocon.

6. Secured loans	March 31, 2009	March 31, 2008
From banks		
Short Term		
Cash credit, packing credit, buyers' credit etc.	3,574,151	1,252,554
Long Term		
Buyers' credit	383,187	27,880
Term loans	-	70,000
[Amount payable withing one year - Rs 7,071 (March 31, 2008 - Rs 70,000)]		
	3,957,338	**1,350,434**

(a) Cash credit, packing credit, buyers' credit etc.

(i) Biocon has working capital facilities with State Bank of India (SBI) .These facilities are repayable on demand, secured by a pari-passu first charge on current assets. As at March 31, 2009 Biocon has utilised Rs 291 (March 31, 2008 - Rs 443,148) inclusive of foreign currency loans of Rs Nil (US$ Nil) [(March 31, 2008 - Rs 432,944) (US$ 10,841)].

(ii) Biocon has working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand, secured by pari-passu first charge on current assets. As at March 31, 2009 Biocon has utilised fund based limits of Rs 784,274 (March 31, 2008 - Rs 242,738), inclusive of foreign currency denominated loans of Rs 763,050 (US$ 15 Million) [March 31, 2008 - Rs 239,820 (US$ 6,000)].

(iii) Biocon has working capital facilities with Canara Bank (CB). These facilities are repayable on demand,secured by a pari-passu first charge on current assets. As at March 31, 2009 Biocon has utilised Rs Nil (March 31, 2008 - Rs 206,748) inclusive of foreign currency denominated loans of Rs Nil (US$ Nil) [March 31, 2008 - Rs 196,372 (US$ 4,913)].

(iv) Biocon has working capital facility with ABN Amro Bank. These facilities are repayable on demand,secured by a pari-passu first charge on the current assets of Biocon. As at March 31, 2009 Biocon has utilised Rs 230,000 (March 31, 2008 - Rs Nil).

(v) All the above banks have entered into an inter-se agreement for operational convenience for the above working capital limits effecting the modification of the above charge and creation of a pari-passu charge on the current assets of the Company in favour of all the above banks.

(vi) Syngene has working capital facilities from State Bank Of India (SBI) for Rs.800 million (March 31, 2008 - Rs 800 million), which is secured by a pari-passu charge on the present and future movable assets and fixed assets. As at March 31, 2009, Syngene has utilised Rs.702,481 (US$ 13.75 million) [March 31, 2008 - Rs 119,910 (US$ 3 million)].

(vii) Syngene has obtained foreign currency denominated buyers' credit loans (short term and long term) of Rs 755, 707 (US$ 14.85 million) as of March 31, 2009 [March 31, 2008 Rs Nil] and preshipment credit loans of Rs 686,745 (US$ 13.5 million) as of March 31, 2009 [March 31, 2008 Rs 119,910 (US$ 3 million)] with Hongkong and Shanghai Banking Corporation (HSBC), which are secured by a pari-passu charge on the present and future movable assets.

(viii) Syngene has obtained foreign currency denominated buyers' credit loans (short-term and long term) of Rs.51,437 (US$ 1.01 million) [March 31, 2008 - Rs.27,880 (US$ 0.70 million)] and pre-shipment credit loans of Rs.225,000 [March 31, 2008 -Rs 119,820 (US$ 3 Million)] from ABN Amro Bank, secured by a pari-passu charge on the present and future movable assets and fixed assets. Of the above, only the buyers' credit loan is denominated in foreign currency.

(ix) On September, 7, 2008, Clinigene entered into an agreement with State Bank of India for working capital facility of Rs 100,000. These facilities are repayable on demand and are secured by first charge on the current assets of Clinigene. Clinigene has utilised Rs 71,314 (March 31, 2008 - Rs Nil) of the said facility.

(x) AxiCorp has obtained working capital facilities from its bankers, Apobank and Taunus Sparkasse. These facilities are secured by a pledge of company's inventories and investments. As at December 31, 2008, Axicorp has utilised Rs 450,089 (EUR 6,672).

(b) Term Loan

(i) On June 22, 2006, the Clinigene entered into an agreement with Citibank N.A. for a long term rupee loan facility of Rs 150,000. The loan was secured by an equitable mortgage on the immovable property. The loan has been repaid as at March 31, 2009 (March 31, 2008 - Rs 70,000).

7. Unsecured loans	March 31, 2009	March 31, 2008
Deferred payment liability	611,550	543,039
Term Loan from State Bank of India	650,000	650,000
Loan from Neo pharma	6,958	3,902
Financial assistance from DSIR	10,000	-
NMITLI - CSIR Loan	3,312	3,180
	1,281,820	**1,200,121**

(i) Under the Industrial Policy of the Government of Karnataka, Biocon on February 4, 1998 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 8 years with respect to sales from its Bommasandra manufacturing facility for an amount not exceeding Rs 24,375. As at March 31, 2009, Biocon has utilised Rs 354 (March 31, 2008 - Rs 354).

(ii) Under the Agro Food Processing Industrial Policy of the Government of Karnataka, Biocon on February 9, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding Rs 648,938. As at March 31, 2009, Biocon has utilised Rs 611,196 (March 31, 2008 - Rs 542,685).

(iii) On March 31, 2005, Biocon entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of Rs 3,312 for carrying out part of the research and development project under the New Millenium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 annual equal installments starting from April 2009 and carry an interest rate of 3 percent per annum. The amount due for repayment within one year is Rs.331.

(iv) During the year ended March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') has sanctioned financial assistance for a sum of Rs 17,000 to Biocon for part financing one of it's research projects. Of the said sanctioned amount, Biocon has received the first installment of Rs 10,000 during the year. The research project is ongoing and is expected to be completed in June 2009. The assistance is repayable in the form of royalty payments post commercialisation of the project in five annual installments.

(v) BBPL has borrowed Rs 650,000 from State Bank of India, against Corporate Guarantee given by Biocon. The loan currently carries an interest rate of 10.25% and is repayable in October 2009.

8. Deferred tax liability	**Deferred tax (asset)/ liability as at April 1, 2008**	**Current year charge/(credit)**	**Deferred tax (asset)/liability as at March 31, 2009**
Depreciation	502,061	14,482	516,543
Employee retirement benefits	(20,166)	(7,856)	(28,022)
Provision for doubtful debts	(13,603)	(5,363)	(18,966)
Others	(3,308)	-	(3,308)
	464,984	**1,263**	**466,247**
Year ended March 31, 2008	448,310	16,674	464,984

The Group has export oriented units and units located in special economic zones (SEZ) which claim deduction of income under the provisions of the Income tax Act, 1961. Deferred tax asset/liability is recognised in repect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

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9. (i) Fixed assets	Balance at the beginning of the year	Acquisitions during the year	Additions during the year	Deletions during the year	Balance at the end of the year
Cost/Valuation					
Land					
Freehold (revalued)	8,967	-	-	-	8,967
Freehold (others)	94,331	-	-	-	94,331
Leasehold	226,420	-	-	-	226,420
Buildings (revalued)	16,561	-	-	-	16,561
Buildings (others)	2,452,062	-	458,989	68	2,910,993
Leasehold improvements	3,191	-	-	-	3,191
Plant and machinery	7,805,994	76,859	1,837,385	4,494	9,715,744
Research and development equipment	760,916	-	139,604	-	900,520
Furniture and fixtures	158,601	6,339	35,579	-	200,519
Vehicles	20,843	-	401	627	20,617
	11,547,886	**83,198**	**2,471,968**	**5,189**	**14,097,863**
Year ended March 31, 2008	10,149,058	-	1,586,747	187,919	11,547,886
Accumulated depreciation					
Buildings (revalued)	16,561	-	-	-	16,561
Buildings (others)	248,934	-	104,043	5	352,972
Leasehold improvements	477	-	319	-	796
Plant and machinery	1,933,025	28,969	841,867	-	2,803,861
Research and development equipment	239,677	-	90,975	-	330,652
Furniture and fixtures	64,967	3,463	29,437	-	97,867
Vehicles	7,418	-	2,853	95	10,176
	2,511,059	**32,432**	**1,069,494**	**100**	**3,612,885**
Year ended March 31, 2008	1,712,101	-	924,805	125,847	2,511,059
Net book value					
Land					
Freehold (revalued)	8,967				8,967
Freehold (others)	94,331				94,331
Leasehold	226,420				226,420
Buildings (revalued)	-				-
Buildings (others)	2,203,128				2,558,021
Leasehold improvements	2,714				2,395
Plant and machinery	5,872,969				6,911,883
Research and development equipment	521,239				569,868
Furniture and fixtures	93,634				102,652
Vehicles	13,425				10,441
	9,036,827				**10,484,978**
Year ended March 31, 2008	8,436,957				9,036,827

Notes:

(a) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation upto that date, as per valuers reports and the resultant surplus of Rs 34,529 was credited to revaluation reserve. Of this reserve, Rs 25,040 (March 31, 2008 - Rs 25,040) has been transferred to the profit and loss account for depreciation on these assets or adjusted on the sale of these assets.

(b) On December 5, 2002, Karnataka Industrial Areas Development Board (‘KIADB’) allotted land aggregating to 26.75 acres to Biocon for Rs 64,200 on a lease-cum sale basis for a period of 6 years, extended subsequently for further period of 14 years. During the year ended March 31, 2005, Biocon acquired an additional 41.25 acres of land for Rs 99,417 from KIADB. During the quarter ended June 30, 2005, Biocon further paid an advance of Rs 56,320 towards allotment of additional 19.68 acres of land, offered by KIADB on December 20, 2003. Biocon received the possession certificate from KIADB in January 2006 and entered into an agreement with KIADB to acquire this plot of land on lease cum sale basis for a period of 20 years during the year ended March 31, 2007. The registration for a part of the land under this lease is pending settlement of certain disputes in respect of claims made against KIADB.

(c) During the year ended March 31, 2008, Biocon has been allotted land measuring approximately 50 acres at the Jawaharlal Nehru Pharma City Vishakapatnam, Andhra Pradesh, on a long term lease basis for a consideration of Rs 260,100. As at March 31, 2009 , Biocon has paid the entire consideration towards the lease and is in the process of completing the formalities for registering the said lease in its favour.

(d) Effective April 1, 2008, foreign exchange loss of Rs 35,270 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. Also refer note 2 (a) (iii).

(e) Additions to Fixed Assets and Capital Work in Progress during the year ended March 31, 2009 include Rs 43,177 (March 31, 2008 Rs.Nil) being interest and Rs 73,201 (March 31, 2008 Rs 1,963) being foreign exchange loss, incurred on foreign currency denominated loans capitalized under AS 16 - Borrowing costs.

(f) Syngene has entered into an agreement with a customer, which grants the latter an option to purchase fixed assets with gross block of Rs 1,314,320 as at March 31, 2009 relating to a particular project, upon satisfaction of certain terms and conditions.

(g) Consequent to the acquisition of majority equity holding in AxiCorp GmbH by Biocon SA, additions to the gross block and accumulated depreciation relating to AxiCorp have been included in adjustments.

9. (ii) Intangible assets

	Balance at the beginning of the year	Acquisitions during the year	Additions during the year	Deletions/ Adjustments during the year	Balance at the end of the year
Cost/Acquisition					
Intellectual Properties from Nobex					
- Under development	220,000	-	-	-	220,000
- Under commercialisation	81,138	-	-	-	81,138
Development costs for products (Insulin)	-	-	44,213	-	44,213
Computer software	-	17,126	4,409	-	21,535
Product licences	-	127,672	31,451	2,733	156,390
Manufacturing Rights for hR3	-	-	63,760	-	63,760
Goodwill	-	-	1,132,128	-	1,132,128
	301,138	**144,798**	**1,275,961**	**2,733**	**1,719,164**
Year ended March 31, 2008	521,138	-	-	220,000	301,138
Accumulated Amortisation					
Intellectual Properties from Nobex					
- Under commercialisation	25,138	-	16,000	-	41,138
Computer software	-	3,561	2,964	-	6,525
Product licences	-	26,921	14,061	137	40,845
	25,138	**30,482**	**33,025**	**137**	**88,508**
Year ended March 31, 2008	9,138	-	16,000	-	25,138
Net Value					
Intellectual Properties from Nobex					
- Under development and commercialisation	220,000				220,000
- Under commercialisation	56,000				40,000
Development costs for products (Insulin)	-				44,213
Computer software	-				15,010
Product licences	-				115,545
Manufacturing Rights for hR3	-				63,760
Goodwill	-				1,132,128
	276,000				**1,630,656**
Year ended March 31, 2008	512,000				276,000

(i) Biocon acquired patents relating to certain technologies for oral insulin, oral BNP and Apaza (collectively IP's) for a total cost of Rs 521,138. In the Board meeting of October 18, 2006 , Biocon decided to licence out it's IP (Apaza) and certain other IP's for further development and commercialisation, and amortised Apaza over a period of 5 years effective October 2006. In December 2007, as a matter of prudence, the Company recorded a total impairment of Rs 220,000, in respect of one of it's intellectual property (Oral BNP) acquired by the Company during the year ended March 31, 2006 for drug development. The Company determined to expense the intangible assets in view of adverse reports and decline in sales trend of Natrear / Neseritide, a competing drug.

(ii) The Oral Insulin product is in the development stage, and hence no amortisation has been recorded by the Company.

(iii) BBPL has entered into an agreement with M/s CIMAB, a joint venture partner for certain manufacturing rights relating to use of plant capacity for a total consideration of Rs 63,760 (US$ 1,500), post approval by the regulatory authority for sale of the products by the JV partner. Pending receipt of regulatory approvals from authorities of such territories, no amortisation has been recorded by the Company.

(iv) Consequent to the acquisition of majority equity holding in AxiCorp GmbH by Biocon SA, additions to intangible assets include gross additions and accumulated amortisation of intangibles held by AxiCorp as on the acquisition date.

(v) Development costs for products (Insulin) relate to the costs of the clinical development of the Group's Insulin product in the European markets.

(vi) Effective April 30, 2008, Biocon SA acquired 71% equity interest in AxiCorp GmbH, Germany, through purchase from existing shareholders and additional subscription of shares in AxiCorp for an aggregate consideration of Euro 29.58 million (Rs 1,995 million). The consideration was settled by cash of Euro 15.58 million (Rs 1,051 million) and by way of transfer of intellectual property rights of certain products to AxiCorp for Euro 14 million (Rs 944 million). Accordingly, the Group recorded a goodwill of Euro 17.44 million (Rs 1,177 million), being the excess of consideration over the net assets of AxiCorp, as on the date of acquisition. Further, on February 28, 2009, Biocon SA acquired another 7% equity shares in AxiCorp from a minority shareholder for a cash consideration of Euro 762,000 (Rs 51 million), resulting in a capital reserve of Euro 659,000 (Rs 44 million) as on date of acquisition. Accordingly, a net goodwill of Euro 16.78 million (Rs 1,132million) has been recorded on the aforesaid acquisition.

10. Investment (At cost)	**March 31, 2009**	**March 31, 2008**
Long term investments		
A) Non trade:		
National Savings Certificates	13	13
	13	**13**
B) Trade investments:		
Unquoted and fully paid up		
2,722,014 (March 31, 2008 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	185,795	185,795
2,857,142 (March 31, 2008 - 1,428,571) Series A Preferred Stock at US$ 0.70 each, fully paid, par value US $ 0.01 each of IATRICa Inc., USA	83,171	39,650
C) Other		
Shares of the Company held by ESOP Trust (Quoted)	121,438	90,578
Other investments by AxiCorp	563	-
	390,967	**316,023**

(i) Biocon has entered into a 'Securities Purchase Agreement' with Vaccinex Inc., USA ('Vaccinex') on November 3, 2004 to invest an amount of US$ 4 million (US$ 1 million in Series B1 Convertible Preferred Stock and US$ 3 million in Series B Convertible Promissory Notes). Further, the Company has entered into a 'Research and Collaboration Agreement' to discover, develop, and commercialize human therapeutic monoclonal antibodies.

Vaccinex is engaged in research and development activities and has been incurring losses. As Vaccinex is a development stage enterprise and of strategic importance, management believes that there is no dimunition in the value of this investment.

(ii) Biocon has entered into a ' Secutities Purchase Agreement' with IATRICa Inc, USA ('IATRICa') on January 18, 2008 to invest an amount of US$ 3 Million in Series A Preferred Stock . Further, Biocon has entered into a 'Development and License Agreement' to research,develop and commercialize novel immuno conjugates for treatment of cancer and infectious disorders. Biocon has 22% voting rights in IATRICa as at March 31, 2009 The above is net of the Group's share of losses in IATRICa amounting to Rs 7,199 for the year ended March 31, 2009 (March 31, 2008 Nil)

(iii) As on March 31, 2009, the ESOP Trust held 7,055,168 shares (March 31, 2008 - 3,403,759) of the Company towards grant / exercise of shares to/ by employees of the Group under the ESOP Scheme. Also refer Note 20.

Other Investments	**March 31, 2009**	**March 31, 2008**
Current and unquoted (at lower of cost and fair market value)		
29,108,926 units (March 31, 2008 - Nil) of Rs 10 Each in Birla Sun Life Liquid Plus	291,287	-
[Market Value Rs 291,287 (March 31, 2008 - Rs Nil)]		
7,231,070 units (March 31, 2008 - Nil) of Rs.10 each in Birla Sun Life Short Term Fund	72,350	-
[Market Value Rs 72,350 (March 31, 2008 - Rs Nil)]		
27,811,567 units (March 31, 2008 - Nil) of Rs.10 each in Fortis Money Plus Fund Institutional Plan	278,202	-
[Market Value Rs 278,202 (March 31, 2008 - Rs Nil)]		
84,935,060 units (March 31, 2008 - Nil) of Rs.10 each in HDFC Cash Management Fund	852,026	-
[Market Value Rs 852,026 (March 31, 2008 - Rs Nil)]		
76,626,096 units (March 31, 2008 - Nil) of Rs 10 each in ICICI Prudential Flexible Income Plan	810,206	-
[Market Value Rs 810,206 (March 31, 2008 - Rs Nil)]		
4,332,133 units (March 31, 2008 - Nil) of Rs.10 each in Kotak Flexi Debt Fund	43,527	-
[Market Value Rs 43,527 (March 31, 2008 - Rs Nil)]		
826,143 units (March 31, 2008 - Nil) of Rs.1001 Each in Reliance Liquid Plus Fund	827,079	-
[Market Value Rs 827,085 (March 31, 2008 - Rs Nil)]		
7,762,070 units (March 31, 2008 - Nil) of Rs.10 each in Tata Floater Fund	77,897	-
[Market Value Rs 77,897 (March 31, 2008 - Rs Nil)]		
[Market Value Rs 170,929 (March 31, 2008 - Rs Nil)]		
19,81,816 units (March 31, 2008 - Nil) of Rs 10 each in HSBC Cash Fund	20,690	
[Market Value Rs 20,690 (March 31, 2008 - Rs Nil)]		
11,96,345 units (March 31, 2008 - Nil) of Rs 10 each in HSBC Ultra Short Term Bond Fund	11,981	
[Market Value Rs 11,981 (March 31, 2008 - Rs Nil)]		
Nil units (March 31, 2008 - 5,097,457) of Rs 10 each in ABN AMRO Liquid Fund	-	50,976
[Market Value Rs Nil (March 31, 2008 - Rs 50,976)]		
Nil units (March 31, 2008 - 9,550,985) of Rs 10 each in Tata Mutual Fund - FMP	-	100,315
[Market Value Rs Nil (March 31, 2008 - Rs 100,315)]		
Nil units (March 31, 2008 - 1,025,462) of Rs 10 each in HSBC Liquid Plus Fund	-	100,381
[Market Value Rs Nil (March 31, 2008 - Rs 100,381)]		
Nil units (March 31, 2008 - 54,877,590) of Rs 10 each in Templeton Floating Rate Fund	-	549,357
[Market Value Rs Nil (March 31, 2008 - Rs 549,357)]		

Other Investments	March 31, 2009	March 31, 2008
Nil units (March 31, 2008 - 2,029,909) of Rs 10 each in HSBC Flexi Debt Fund [Market Value Rs Nil (March 31, 2008 - Rs 20,299)]	-	20,299
Nil units (March 31, 2008 - 56,042) of Rs 10 each in ICICI Prudential Liquid Plan [Market Value Rs Nil (March 31, 2008 - Rs 560)]	-	560
Nil units (March 31, 2008 - 41,846,818) of Rs 10 each in ING Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 418,606)]	-	418,606
Nil units (March 31, 2008 - 47,443,051) of Rs 10 each in Lotus India Liquid Plus [Market Value Rs Nil (March 31, 2008 - Rs 475,175)]	-	475,156
Nil units (March 31, 2008 - 194,118) of Rs 10 each in Reliance Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 194,338)]	-	194,337
Nil units (March 31, 2008 - 4033,100) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 40,363)]	-	40,331
Nil units (March 31, 2008 - 50,301) of Rs 1,000 each in UTI Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 50,312)]	-	50,312
Nil units (March 31, 2008 - 13,122,113) of Rs 10 each in Sundaram BNP Liquid Plus [Market Value Rs Nil (March 31, 2008 - Rs 131,549)]	-	131,533
Nil units (March 31, 2008 - 2,854,677) of Rs 10 each in ICICI Flexible [Market Value Rs Nil (March 31, 2008 - Rs 30,184)]	-	30,184
Nil units (March 31, 2008 - 48,920,390l) of Rs 10 each in JM Money Manager Fund [Market Value Rs Nil (March 31, 2008 - Rs 489,404)]	-	489,404
Nil units (March 31, 2008 - 50,238) of Rs 1,000 each in Mirae Asset Liquid Plus [Market Value Rs Nil (March 31, 2008 - Rs 50,308)]	-	50,238
Nil units (March 31, 2008 - 4,040,196) of Rs 10 each in Kotak Flexi Debt Scheme [Market Value Rs Nil (March 31, 2008 - Rs 40,528)]	-	40,528
Nil units (March 31, 2008 - 10,000,000) of Rs 10 each in ING Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 100,484)]	-	100,484
Nil units (March 31, 2008 - 56,015) of Rs 10 each in Reliance Liquidity Fund [Market Value Rs Nil (March 31, 2008 - Rs 560)]	-	560
Nil units (March 31, 2008 - 30,116,289) of Rs 10 each in Tata Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 301,475)]	-	301,475
Nil units (March 31, 2008 - 61,893) of Rs 1,000 each in DSP Liquid Plus Fund [Market Value Rs Nil (March 31, 2008 - Rs 61,930)]	-	61,917
Nil units (March 31, 2008 - 20,395,756) of Rs 11 Each inBirla Dynamic Bond Fund [Market Value Rs Nil (March 31, 2008 - Rs 214,904)]	-	214,674
Nil units (March 31, 2008 - 35,000,000) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 350,532)]	-	350,000
Nil units (March 31, 2008 - 26,915,214) of Rs 10 each in DWS Credit Opportunities Fund [Market Value Rs Nil (March 31, 2007 - Rs 270,627)]	-	270,010
Nil units (March 31, 2008 - 29,000,000) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 290,487)]	-	290,000
Nil units (March 31, 2008 - 10,000,000) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs Nil (March 31, 2008 - Rs 101,097)]	-	100,000
	3,285,245	**4,431,637**
	3,676,225	**4,747,673**

(a) Other Investments include investments in units of mutual funds made by the ESOP Trust of Rs 32,671 (March 31, 2008 - Rs Nil)

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11. Inventories, (at lower of cost or net realisable value)	March 31, 2009	March 31, 2008
Raw materials	1,302,990	677,071
Goods-in-bond/goods-in-transit (Raw materials)	73,220	137,438
Packing materials	68,266	20,711
Work-in-progress	1,126,704	828,678
Finished goods, including traded goods of Rs 101,388 and Rs 55,794 respectively	620,631	125,885
	3,191,811	**1,789,783**
12. Sundry debtors (Unsecured)		
Debts		
Considered good	3,666,829	2,591,254
Considered doubtful	56,231	40,454
	3,723,060	**2,631,708**
Less: Provision for doubtful debts	56,231	40,454
	3,666,829	**2,591,254**
Other debts include unbilled revenues of Rs 35,394 (March 31, 2008 - Rs 10,963) with respect to services rendered to customers.		
13. Cash and bank balances		
Cash on hand	3,062	7,095
Balances with banks:		
In current accounts	98,722	50,941
In exchange earners foreign currency account	8,699	-
In deposit accounts	7,568	38,129
	118,051	**96,165**

(a) Balances with banks include balance in unclaimed dividend account of Rs 3,866 (March 31, 2008 - Rs 1,410).

(b) Balances with banks include the balances of the ESOP Trust of Rs 6,968 (March 31, 2008 - Rs 43,861).

14. Loans and advances (Unsecured and considered good, except as stated)	March 31, 2009	March 31, 2008
Advances recoverable in cash or in kind or for value to be received	199,000	174,514
Duty drawback receivable, net of provision of Rs 238 (March 31, 2008 - Rs 1,984)	6,208	14,371
Other Receivables	-	36,255
Deposits	75,288	75,129
Balances with Customs, Excise and Sales tax Authorities	346,866	351,009
MAT Credit entitlement	111,355	19,154
Advance income-tax, net of provision	208,485	198,771
	947,202	**869,203**

(a) Advances recoverable in cash or in kind or for value to be received include amounts due from employees to the ESOP Trust of Rs 6,226 (March 31, 2008 - Rs 6,428).

(b) Included under advance tax is Rs 13,998 (March 31, 2008 - Rs 13,998) and provision for taxation of Rs 9,520 (March 31, 2008 - Rs 9,031) of the ESOP Trust.

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15. Current liabilities and provisions	March 31, 2009	March 31, 2008
Liabilities		
Sundry creditors		
Capital	539,995	554,954
Others	1,543,147	1,168,880
Advances from customers	124,718	203,420
Deferred revenues	231,760	-
Balance in current account with bank represents book overdraft	100,483	54,679
Interest accrued but not due, on loans	7,370	338
Investor Education and Protection Fund to be credited by :-		
- Unclaimed dividend	3,866	1,410
Other liabilities	1,018,343	316,601
	3,569,682	**2,300,282**
Provisions		
Proposed dividend	600,000	500,000
Tax on proposed dividend	101,970	84,975
Contingencies	-	50,000
Leave encashment	86,279	63,721
Gratuity	14,866	2,938
Superannuation	2,645	2,645
Provision for fringe benefit tax, net of advance tax	-	655
	805,760	**704,934**
	4,375,442	**3,005,216**

(a) Other liabilities include Rs 691 (March 31, 2008 - Rs 559) due to Dr. Kiran Mazumdar-Shaw, Managing Director and the maximum amount outstanding at any time during the year was Rs 1,162 (March 31, 2008 - Rs 3,556).

16. Other income	March 31, 2009	March 31, 2008
Interest income	1,425	-
Dividend income, on Current investment, trade	236,772	162,165
Gain on investments sold	1,047	979
Gain on fixed assets sold	506	-
Miscellaneous income*	404,782	200,964
	645,532	**364,108**

* Includes sale of raw materials of Rs 101,237, (March 31, 2008 - Rs Nil)

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17. Manufacturing, contract research and other expenses	March 31, 2009	March 31, 2008
Raw materials consumed, net of duty drawback of Rs 7,465	8,722,830	4,273,451
(March 31, 2008 - Rs 14,810)		
Purchase of goods for resale	208,588	225,688
Employee costs		
Salaries, wages and bonus	1,502,799	942,171
Group's contribution to provident and other fund	56,600	48,074
Gratuity and leave encashment (net of reversals)	39,201	(405)
Employee stock compensation expense	26,834	50,894
Directors' sitting fees	780	690
Welfare expenses	161,722	85,357
Operation and other expenses:		
Royalty and technical fees	11,304	11,882
Rent	36,799	8,624
Communication expenses	65,193	45,354
Travelling and conveyance	178,363	145,380
Professional charges	144,469	123,261
Power and fuel	693,320	765,631
Insurance	42,676	27,043
Rates, taxes and fees, net of refunds of taxes Rs 4,354 (March 31,2008 - Rs 10,257)	15,428	(2,080)
Lab consumables	110,442	87,483
Repairs and maintenance		
Plant and machinery	127,311	147,047
Buildings	23,006	22,676
Others	95,103	63,521
Selling expenses		
Freight outwards and clearing charges	110,351	70,757
Sales promotion expenses	263,286	140,375
Commission and brokerage	100,342	114,184
Excise duty on closing stock, net	(252)	(4,212)
Bad debts written off	7	372
Provision for bad and doubtful debts	15,777	10,899
Exchange fluctuation (net)	112,318	(9,366)
Loss/(gain) on forward/option contracts, net	-	(13,255)
Printing and stationery	23,659	17,508
Loss on sale of assets (net)	-	4,332
Research & development expenses	253,879	144,492
Miscellaneous expenses	257,982	152,835
	13,400,117	**7,700,663**
(Increase)/decrease in inventories of finished goods and work in progress		
Opening inventories:		
Finished goods	123,868	86,557
Work-in-progress	828,678	717,276
Add: Stocks acquired on acquisition of AxiCorp	246,039	-
	1,198,585	803,833
Closing inventories:		
Finished goods	(618,869)	(123,868)
Work-in-progress	(1,126,704)	(828,678)
	(1,745,573)	(952,546)
	(546,988)	(148,713)
	12,853,129	**7,551,950**

18. Research and development expenses

Research and development expenses aggregate to Rs 743,717 (March 31, 2008 - Rs 646,459) and include Rs 139,604 (March 31, 2008 - Rs 170,335) on research and development equipment and Rs 6,051 (March 31, 2008 - Rs 5,003) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.

19. Interest and finance charges	March 31, 2009	March 31, 2008
Interest paid on :		
Packing credit, cash credit from banks	163,972	90,364
[net of amounts capitalised to fixed assets Rs 43,177 (March 31, 2008 - Rs 1,025)]		
Bank charges	12,643	11,437
	176,615	**101,801**

20. Employee stock compensation

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries. A Compensation Committee has been constituted to administer the plan through a trust established specifically for this purpose, called the Biocon India Limited Welfare Trust (ESOP Trust).

The ESOP Trust shall make additional purchase of equity shares of the Company using the proceeds from the loan obtained from the Company, other cash inflows from allotment of shares to employees under the ESOP Plan and shall subscribe, when allotted to such number of shares as is necessary for transferring to the employees. The ESOP Trust may also receive shares from the promoters for the purpose of issuance to the employees under the ESOP Plan. The Compensation Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant I

On September 27 , 2001 , the Company granted 71,510 options under the ESOP Plan 2000 to be exercised at a grant price of Rs 10 (before adjusting bonus and share split) . The options vested with the employees equally over a four year period.

Grant II

Effective January 1, 2004, the Company granted 142,100 options (shares of Rs 5 each) under ESOP Plan 2000 to be exercised at a price of Rs 5 per share. The options vest with the employees equally over a four year period.

Details of Grant II

Particulars	March 31, 2009		March 31, 2008	
	No. of Shares	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	10,780	5.0	27,440	5.0
Granted during the year	-	-	-	-
Forfeited during the year	-	5.0	490	5.0
Adjustment for issuance of Bonus Shares during the year	4,900		NA	-
Exercised during the year	7,840	4.4	16,170	5.0
Expired during the year	-	-	-	-
Outstanding at the end of the year	7,840	2.5*	10,780	5.0
Exercisable at the end of the year	7,840	2.5*	10,780	5.0
Weighted average remaining contractual life (in years)	1	-	2	-

* adjusted for the effect of bonus shares

Grant III

On January 18, 2004, the Board of Directors announced the Biocon Employee Stock Option Plan (ESOP Plan 2004) for the grant of stock options to the employees of the Company, pursuant to which the compensation committee on March 19, 2004 granted 422,000 options under the ESOP Plan 2004 to be exericsed at a grant price of Rs 315 being the issue price determined for the IPO through the book building process. The options will vest with the employees equally over a four year period.

Details of Grant III

Particulars	March 31, 2009		March 31, 2008	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	58,750	315.0	76,000	315.0
Granted during the year	-	-	-	-
Forfeited during the year	-	-	17,250	315.0
Adjustment for issuance of Bonus Shares during the year	57,350	-	NA	-
Exercised during the year	3,150	227.5	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	112,950	157.5*	58,750	315.0
Exercisable at the end of the year	112,950	157.5*	58,750	315.0
Weighted average remaining contractual life (in years)	2	-	3	-

* adjusted for the effect of bonus shares

Grant IV

On July 19, 2006, the Company approved the grant of 3,478,200 stock options to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from July 18, 2006 , with an exercise period of three years for each grant. The vesting conditions include completion of two years of service and performance grade of the employees. These options are exercisable at a discount of 20% on the market price of company's shares on the date of grant.

Details of Grant

Particulars	March 31, 2009		March 31, 2008	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Avg Exercise Price (Rs)
Outstanding at the beginning of the year	2,927,299	289.0	3,251,640	278
Granted during the year	34,855	463.0	311,821	395
Forfeited during the year	298,170	306.0	484,262	275
Adjustment for issuance of Bonus Shares during the year	2,657,284	-	NA	-
Exercised during the year	27,380	171.0*	151,900	275
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,293,888	147.0*	2,927,299	289
Exercisable at the end of the year	1,997,298	137.5*	201,025	275
Weighted average remaining contractual life (in years)	2.9	-	3.9	-
Weighted average fair value of options granted during the year (Rs)	110.0	-	161.2	-

* adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2009 was Rs 163.42 per share (after adjustment for the bonus shares)

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

	March 31, 2009	March 31, 2008
Weighted Average Remaining Contractual Life in options (Yrs)	2.9	3.9
Weighted Average Exercise Price	147*	289
Expected volatility	37.62%	37.62%
Historical volatility	34.29%	34.29%
Life of the options granted (vesting and exercise period) in years	6.20	6.20
Expected dividends	2.45	2.45
Average risk-free interest rate	7.80%	7.80%
Expected dividend rate	0.57%	0.57%

* adjusted for the effect of bonus shares

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

Particulars	March 31, 2009	March 31, 2008
Profit as reported	931,217	4,639,094
Add: Employee stock compensation under intrinsic value	26,834	50,894
Less: Employee stock compensation under fair value	65,021	104,085
Proforma profit	893,030	4,585,903
Earnings per Shares - Basic		
- As reported	4.83	24.01
- Proforma	4.63	23.74
Earnings per Shares - Diluted		
- As reported	4.69	23.29
- Proforma	4.50	23.02

A summary of movement in respect of the shares held by the Trust is as follows:

Particulars	March 31, 2009	March 31, 2008
Opening balance of equity shares not granted to employees and available with the Trust	3,403,759	3,355,080
Add: Shares purchased by the trust	300,000	216,749
Less: Shares alloted to the employees	(38,370)	(168,070)
Add: Bonus shares allotted (1:1)	3,389,779	-
Closing balance of shares not granted to employees and available with the Trust	7,055,168	3,403,759
Options granted and eligible for exercise at end of year	2,118,088	270,555
Options granted but not eligible for exercise at end of year	3,296,590	2,726,274

21. Reconciliation of basic and diluted shares used in computing EPS	March 31, 2009	March 31, 2008
Basic weighted average shares outstanding	200,000,000	200,000,000
Less: Shares held by ESOP Trust	7,055,168	6,807,518
	192,944,832	193,192,482
Add: Effect of dilutive shares granted but not exercised / not eligible for exercise	5,414,678	5,993,658
Weighted average shares outstanding and potential shares outstanding	198,359,510	199,186,140

Note: The data on number of shares for year ended March 31, 2008 have been adjusted for the bonus shares issued by the Company on September 15, 2008 in the ratio 1:1.

22. Exceptional items, net

Exceptional items [income/(expense)], net, for the year ended March 31, 2009 comprise of the following:

	Gross	Tax effect	Net
i. Mark to market losses in respect of foreign exchange forward contracts	(1,569,211)	77,326	(1,491,885)
ii. Writeback of unutilised provision for contingencies created in the prior year related to the transfer of enzymes business.	20,000	-	20,000
Total	(1,549,211)	77,326	(1,471,885)

Exceptional items, net, for the year ended March 31, 2008 comprise of the following:

	Gross	Tax effect	Net
i. Net gain on sale of net assets of discontinued operations	3,297,546	(758,670)	2,538,876
ii. Impairment of intellectual property	(220,000)	74,778	(145,222)
Total	3,077,546	(683,892)	2,393,654

i. During the year ended March 31, 2009, the Group had entered into foreign exchange forward contracts to hedge highly probable forecasted transactions. The Group recorded mark to market losses in respect of foreign exchange forward contracts including realised gains / losses on termination / cancellation of such contracts.

ii. During the year ended March 31, 2009, Biocon recorded a writeback of unutilised provision for contingencies relating to transfers of its enzyme business of Rs 20,000, created in previous year.

iii. Effective October 1, 2007, Biocon transferred the net assets of its Enzymes business amounting to Rs 464,122 to a third party for a consideration of Rs 3,957,566 and recorded a gain of Rs 3,297,546, net of expenses (including provision for contingencies Rs 50,000) incidental and attributable to the sale of the business.

iv. In December 2007, as a matter of prudence, Biocon recorded a total impairment of Rs 220,000, in respect of one of it's intellectual property (Oral BNP) acquired during the year ended March 31, 2006 for drug development. Biocon determined to expense the intangible assets in view of adverse reports and decline in sales of Natrear / Nasertide, a competing drug.

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23. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2008 to March 31, 2009	Balance as at March 31, 2009 (Payable)/ receivable	April 1, 2007 to March 31, 2008	Balance as at March 31, 2008 (Payable)/ receivable
1.	Kiran Mazumdar-Shaw	Managing Director	Salary and perquisites	(11,769)	(691)	(11,592)	(559)
2.	John Shaw	Director	Salary and perquisites	(7,369)	-	(7,662)	-
3.	CIMAB	Joint Venture Partner	Purchase of raw materials	(25,483)	(13,900)	(31,148)	(31,148)
			Sales of products	2,056	6,361	14,957	14,957
			Purchase of Intangible Rights	(63,760)	-	-	-
4.	Glentec International	Enterprise owned by Key Management Personnel	Lease of Premises	(2,628)	-	(1,400)	(1,400)
5.	P K Associates	Properietary firm of Relative of Director	Lease Rentals	(206)	-	(207)	(14)
6.	NeoBiocon FZ LLC	Joint Venture	Sale of Goods	2,886	2,886	-	-
			Recharge of expenses	2,314	2,314		
			Equity contribution	-	-	1,613	1,613
7.	IATRICa Inc.	Associate Company	Research and Development fees paid	(27,844)	-	(11,867)	-
			Investment in preferred stock	50,720	90,370	39,650	39,650

(a) The Company has taken office premises on lease at a monthly rental of Rs 121 from Glentec International effective from October 1, 2007.

(b) The Company has entered into an agreement with IATRICa Inc. for research and development of certain products.

(c) Prof. Charles L Cooney and Dr. Bala S Manian, non-executive directors of the Company, are Chairman and member of the Scientific Advisory Board of the Company and are paid sitting fees of Rs 454 (March 31, 2008 - Rs 420) and Rs 202 (March 31, 2008 - Rs 420) respectively.

24. Commitments	March 31, 2009	March 31, 2008
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	141,278	1,243,396
Also refer Note 10(ii) in respect of Biocon's committment to invest US$ 1 Million in Iatrica		

(b) Operating lease commitments

Where the Group is a lessee

(i) Rent:

The Group has entered into various agreements for lease of building/office space which expires over a period upto September 2016. Gross rental expenses for the year aggregate to Rs 19,168 (March 31, 2008 - Rs 8,667). The committed lease rentals in the future are:

	March 31, 2009	March 31, 2008
Not later than one year	18,931	10,735
Later than one year and not later than five years	26,320	21,331
Later than five years	3,277	4,273

(ii) Vehicles:

The Group has taken vehicles for certain employees under operating leases, which expire in March 2013. Gross rental expenses for the year aggregate to Rs 14,365 (March 31, 2008 - Rs10,694). The committed lease rental in the future are:

	March 31, 2009	March 31, 2008
Not later than one year	15,353	10,285
Later than one year and not later than five years	24,008	17,720

Where the Group is a Lessor:

(i) Rent

The Group has leased out certain parts of its building (including fit outs) and land on an operating lease, which expire over a period upto 2016. Gross rental income for the year aggregate to Rs 21,408 (March 31, 2008 - Rs 10,152). Further, minimum lease rentals under operating lease are as follows:

	March 31, 2009	March 31, 2008
Not later than one year	20,856	20,304
Later than one year and not later than five years	81,216	81,216
Later than 5 Years	71,064	91,368

25. Contingent liabilities	**March 31, 2009**	**March 31, 2008**
(a) Direct and indirect matters under appeal	427,207	167,348
(b) Corporate guarantees given to the Central Excise Department	841,057	841,057
There are certain claims amounting to Rs 43 Million made against the Company which the management of the Company believes are not tenable and hence these claims have not been acknowledged as debts.		

26. Foreign exchange exposure

The Group has entered into foreign exchange forward and option contracts to hedge highly probable forcasted transactions in foreign currency. As at March 31, 2009, the Group has forward exchange contracts to sell US$ 144,000 (March 31, 2008 -US$ 98,000) and sell EUR 20,000 and US$ 24,000 (March 31, 2008 - Nil) in respect of the forecasted transaction. In addition as at March 31, 2009, the Group has European style option contracts of US$ 88,000 (March 31, 2008 - Nil) with periodical maturity dates upto June 2012

The unhedged foreign currency exposure as at the Balance Sheet date is as given below:

	March 31, 2009	**March 31, 2008**
Receivables	604,116	265,169
Payables	701,468	499,721
Foreign currency denominated loans	1,735,521	1,257,307

27. Investments in Joint Venture Company

NeoBiocon FZ LLC (NeoBiocon), was incorporated in Dubai as a 50% joint venture between the Company and B R Shetty, is engaged in development, marketing and distribution of biopharmaceuticals in the Gulf region. As at March 31, 2009, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon is Rs 5,059 (March 31, 2008 - Rs 3,093) and Rs 3,595 (March 31, 2008 - Rs 3,902), Rs 4,251 (March 31, 2008 - Rs Nil) and Rs 8,225 (March 31, 2008- Rs 2,441) respectively. The share of the Company in the accumulated losses of NeoBiocon as at March 31, 2009 stood at Rs 6,792 (March 31, 2008 - 2,441).

28. Discontinuing Operations

On July 18, 2007, the Board of Directors of Biocon approved the sale of the Company's Enzymes business along with its assets and liabilities to a third party. On September 3, 2007, the shareholders of the Company approved the sale by way of a postal ballot.

Effective October 1, 2007, the Company transferred the net assets of the Enzymes business amounting to Rs 464 million for a consideration of Rs 3,958 million and recorded a gain of Rs 3,297 million net of expenses incidental and attributable to the sale of the business, including provision for contingencies of Rs 50,000.

As part of the sale agreement, the Company also entered into an agreement to lease certain fixed assets to such third party to carry on manufacturing activities out of such facilities, and to provide certain specified support services, effective October 1, 2007.

The net assets of the Enzymes Business as on the date of transfer are as follows.

	As at October 1, 2007
Fixed assets	50,417
Current assets	445,350
Current liabilities	104,093
Net assets	391,674

The net cash flows attributable to the Enzymes business are as follows:

	March 31, 2008
Operating	72,097
Investing	3,060,718
Financing	(1,427)
Net inflow/(outflows)	3,131,388

The following are the disclosures pertaining to the operating activities of the discontinued operations:

	March 31, 2008
Revenues	477,247
Operating costs	437,025
Profit/(Loss) from operating activities	40,222
Finance cost	1,427
Profit/(Loss) before tax	38,795
Income tax expense	10,533
Profit/loss after tax	28,262

29. Employee Benefit Plans

A summary of the gratuity plan is as follows :

Fund balance	March 31, 2009	March 31, 2008
Defined benefit obligation	91,794	69,328
Fair value of plan assets	76,928	66,391
Plan Liability	14,866	2,938
The change in benefit obligation and funded status of the gratuity planis as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	69,328	75,106
Current Service cost	12,291	11,228
Past Service cost	-	-
Interest cost	6,587	5,464
Benefits paid	(2,597)	(16,976)
Actuarial (gain)/loss	6,185	(5,494)
Benefit obligation at the end of the year	91,794	69,328
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	66,391	73,415
Expected return on plan assets	5,480	6,721
Actuarial (gain)/loss	4,252	-
Actual contribution	3,402	3,231
Benefits paid	(2,597)	(16,976)
Fair value of plan assets at end of year	76,928	66,391
Net gratuity cost:		
Components of net benefit cost		
Current Service cost	12,291	11,228
Interest cost	6,587	5,464
Expected return on plan assets	(5,480)	(6,721)
Net actuarial (gain)/loss recognised during the year	1,934	(5,494)
Net gratuity cost	15,332	4,477
Actual return on plan assets	9,732	6,721
The assumptions used in accounting for the gratuity plan are as below:		
Discount rate	7.00%	8.20%
Expected Return on Plan Assets	8.00%	8.20%
Salary increase	8.00%	9.00%
Attrition rate upto age 44	20.00%	17.00%
Attrition rate above age 44	15.00%	16.00%
Retirement age	58	58

Experience adjustment

The Group evaluates these assumptions based on its long-term plans of growth and industry standards and the expected contribution to the fund during the year ending March 31, 2010, is approximately Rs 15,000. (March 31, 2008 - Rs 2,938)

The nature of the asset allocation of the fund is only in debt based mutual funds of high credit ratings.

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30. Segmental information

Business segments

The primary reporting of the Group has been performed on the basis of business segments. The Group is organised into two business segments, active pharmaceutical ingredients ('Pharma') and contract research services. Segments have been identified and reported based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems. During the year ended March 31, 2008, the Group sold its enzymes business. (Also refer note 28).

April 1, 2008 to March 31, 2009

Particulars	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues					
External sales	13,841,220	2,245,502	-	-	16,086,722
Inter-segment transfers	14,935	113,883	-	(128,818)	-
Total revenues	13,856,155	2,359,385	-	(128,818)	16,086,722
Costs					
Segment costs	(9,717,831)	(1,679,875)	-	-	(11,397,706)
Inter-segment transfers	(113,883)	(14,935)	-	128,818	-
Result					
Segment result	4,024,441	664,575	-	-	4,689,016
Corporate expenses	-	-	(1,354,186)	-	(1,354,186)
Other income	-	-	544,295	-	544,295
Operating profit					3,879,125
Depreciation	(834,922)	(267,597)	-	-	(1,102,519)
Interest expense	-	-	(176,615)	-	(176,615)
Income taxes - Current and deferred	-	-	(118,384)	-	(118,384)
Share of losses in Associate Company	-	-	(7,199)	-	(7,199)
Minority Interest	-	-	(71,306)	-	(71,306)
Net profit before exceptional item					2,403,102
Exceptional items	(997,450)	(551,761)	-	-	(1,549,211)
Income Tax on Exceptional item	-	-	77,326		77,326
Profit after taxes					931,217
Other information					
Segment assets	16,611,898	5,687,205	-	-	22,299,103
Unallocated corporate assets	-	-	3,135,869	-	3,135,869
Total assets					25,434,972
Segment liabilities	5,290,800	3,676,222	-	-	8,967,022
Unallocated corporate liabilities	-	-	1,112,378	-	1,112,378
Minority Interest	-	-	247,686		247,686
Total liabilities					10,327,086
Capital expenditure*	2,481,805	1,494,120	-	-	3,975,925

*Includes additions through acquisitions.

April 1, 2007 to March 31, 2008

Particulars	Discontinued Operations	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues						
External sales/income, net	457,016	8,325,439	1,755,486	-	-	10,537,941
Inter-segment transfers	20,231		52,291	-	(72,522)	-
Total revenues/ income	477,247	8,325,439	1,807,777	-	(72,522)	10,537,941
Costs						
Segment costs	(358,734)	(5,019,354)	(1,229,567)	-	-	(6,607,655)
Inter-segment transfers	-	(72,522)	-	-	72,522	-
Result						
Segment result	118,513	3,233,563	578,210	-	-	3,930,286
Corporate expenses	-	-	-	(944,295)	-	(944,295)
Other income	-	-	-	364,108	-	364,108
Operating profit						3,350,099
Depreciation	(7,984)	(746,446)	(184,774)	-	-	(939,204)
Interest expense	-	-	-	(101,801)	-	(101,801)
Income taxes - Current and deferred	-	-	-	(128,883)	-	(128,883)
Minority Interest	-	-	-	65,229	-	65,229
Net profit before Exceptional Income						2,245,440
Exceptional Income, net	-	-	-	3,297,546	-	3,297,546
Impairment Losses	-	(220,000)	-	-	-	(220,000)
Income Tax on Exceptional item	-	-	-	(683,892)		(683,892)
Profit after taxes						4,639,094
Other information						
Segment assets	-	12,860,112	3,248,181		-	16,108,293
Unallocated corporate assets	-			4,680,720	-	4,680,720
Total assets						20,789,013
Segment liabilities	-	3,873,604	1,109,284	-	-	4,982,888
Unallocated corporate liabilities	-	-	-	1,037,867	-	1,037,867
Minority Interest	-	-	-	(73,218)		(73,218)
Total liabilities						5,947,537
Capital expenditure	-	561,940	1,024,807	-	-	1,586,747

Geographical segments

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

Sales Revenues, net	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
India	4,417,092	3,570,542
Outside India	11,669,630	6,967,399
Total	**16,086,722**	**10,537,941**

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

Carrying amount of segment assets	March 31, 2009	March 31, 2008
India	18,948,245	18,830,536
Outside India	6,486,727	1,958,477
	25,434,972	**20,789,013**

Segment revenue and result

The expenses that are not directly attributable and that cannot be allocated to a business segment on a reasonable basis are shown as unallocated corporate expenses.

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consist principally of fixed assets and current assets. Segment liabilities comprise of liabilities which can be identified directly against the respective segments. Assets and liabilities that have not been allocated between segments are shown as part of unallocated corporate assets and liabilities respectively.

31. Prior year comparatives

The previous years' figures have been re-grouped/reclassified, where necessary to conform to current years' classification.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore
June 19, 2009

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

Kiran Mazumdar-Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Bangalore
April 28, 2009

Summarised Statement for Subsidiary Companies

(Amounts in Indian Rupees thousands)

	Syngene International Limited	Clinigene International Limited	Biocon Biopharmaceuticals Private Limited	Biocon Research Limited	NeoBiocon FZ LLC	Biocon SA	AxiCorp GmbH
Capital	28,750	500	176,000	500	3,226	3,960	16,730
Reserves	1,624,632	15,098	-	-	(14,213)	29,983	1,375,750
Total Assets	5,219,324	494,587	1,322,907	500	10,118	2,613,642	2,492,635
Total Liabilites	3,565,942	478,989	1,146,907	-	21,105	2,579,699	1,179,483
Investment (except in subsidiaries)	396,667	-	-	-	-	-	563
Turnover	2,031,377	330,520	114,273	-	8,502	33,730	4,695,867
Profit/(Loss) before taxation	344,009	46,777	(76,472)	-	(7,948)	32,574	117,014
Provision for taxation	17,211	1,475	(24,736)	-	-	3,094	17,373
Operational Profit/(Loss) after taxation	326,798	45,302	(51,736)	-	(7,948)	29,480	99,641
Exceptional items, net of tax	(551,761)	-	-	-	-	-	-
Profit/(Loss) after taxation	(224,963)	45,302	(51,736)	-	(7,948)	29,480	99,641

Conversion Rate as at March 31, 2009
1 EUR = INR 67.46
1 AED = INR 14.21

The Company has obtained exemption from the Ministry of Company affairs, Government of India, from attaching the financial accounts of the subsidiary companies to this Report. The members can, however, obtain the copy of the detailed annual accounts of the subsidiary companies and related information by making a request to that effect. A copy of the same shall also be available for inspection at the registered office of the Company.

Glossary

ANDA	Abbreviated New Drug Application
Mab	Monoclonal Antibodies
API	Active Pharmaceutical Ingredient
BSE	Mumbai Stock Exchange
CAP	College of American Pathologists
CDSL	Central Depository Services (India) Limited
cGMP	Current Good Manufacturing Practices
COS	Certificate of Suitability
CRC	Custom Research Company
CRO	Contract Research Organisation
DMF	Drug Master File
DPCO	Drug Price Control Order
EBITDA	Earnings Before Interest, Depreciation and Taxes
EDQM	European Directorate for Quality of Medicines
EGFR	Epidermal Growth Factor Receptor
EPS	Earnings Per Share
ESOP	Employees Stock Options Plan
ETP	Effluent Treatment Plant
EU	European Union
FTE	Full Time Equivalent
GCC	Gulf Co-operation Council
GCP	Good Clinical Practice
ICAI	Institute of Chartered Accountants of India
ICH	International Conference on Harmonisation
IGAAP	Indian Generally accepted Accounting principles
IPO	Intial Public Offering
IPR	Intellectual Property Rights
MMF	Mycophenolate Mofetil
MRP	Mutual Recognition Procedure
NCEs	New Chemical Entities
NSDL	National Securities Depository Limited
NSE	National Stock Exchange
OHSAS	Occupational Health Safety Assesment Series
OTC	Over the Counter
PCT	Patent Co-operation Treaty
PK / PD	Pharmaco Kinetic / Pharmaco Dynamic
R&D	Research and Development
ROW	Rest of the world
SEBI	Securities Exchange Board of India
TGA	Therapeutics Good Adminstration
TRIPS	Trade Related Aspects of Intellectual Property Rights
US GAAP	United States Generally Accepted Accounting Principles
USFDA	United States Food and Drug Aminstration
WTO	World Trade Organisation

Currency Abbreviation

AED	UAE Dirhams
CHF	Swiss Francs
EUR	Euros
USD / US$	United States Dollar

Biocon

Group Companies

Syngene

Clinigene

Biocon Research

Biocon Biopharmaceuticals

NeoBiocon

AXICORP PHARMA

COMPANY SECRETARY:
co.secretary@biocon.com

CORPORATE COMMUNICATIONS:
corporate.communications@biocon.com

INVESTOR RELATIONS:
investor.relations@biocon.com

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Biocon Corporate Communications | **tsk** DESIGN info@tsk-design.com
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20th KM Hosur Road
Electronic City
Bangalore 560 100 India
T 91 80 2808 2808
F 91 80 2852 3423

www.biocon.com

Notice

NOTICE is hereby given that the Thirty First Annual General Meeting of the members of Biocon Limited will be held on Thursday, July 23, 2009, at 3.30 p.m. at 'Sathya Sai Samskruta Sadanam', No. 20, Hosur Road, Near Forum Mall, Bangalore - 560 029, to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2009 and audited Profit and Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To approve payment of dividend of 60% i.e. Rs 3/- per equity share for the year ended March 31, 2009.
3. To appoint a director in place of Mr. John Shaw who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Suresh Talwar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The retiring auditors M/s. S R Batliboi & Associates, Chartered Accountants are eligible for re-appointment and have confirmed their willingness to accept office, if re-appointed.

By Order of the Board of Directors
For Biocon Limited

Kiran Mazumdar-Shaw
Chairman and Managing Director

Place: Bangalore
Date: April 28, 2009.

Registered office:
20th KM, Hosur Road
Electronics City P. O.
Bangalore - 560 100
Karnataka, India

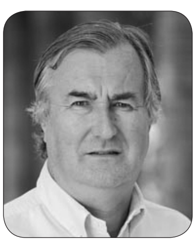
NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY, SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
3. The Register of Directors Shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the meeting.
4. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956 and all documents as mentioned in the resolutions and or explanatory statement will be available for inspection by the members at the registered office of the Company.
5. The Register of Members and Share Transfer Books of the Company will remain closed from July 15, 2009 to July 23, 2009 (both days inclusive).
6. Subject to the provisions of Section 206A of the Companies Act, 1956 dividend as recommended by the Board of Directors of the Company, if declared at the meeting, will be payable on or after July 24, 2009 to those members whose name appear on the Register of Members as on the opening of July 15, 2009.
7. **Payment of dividend through ECS:**

   Members holding shares in Electronic (demat) form are advised to inform the particulars of their bank account and any change of address to their respective **Depository Participants only and not to the Company or to the Registrars**.
8. Members holding shares in **physical form** are advised to submit particulars of their bank account, viz. Name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number and any change of address to the share transfer agents of the Company viz. Karvy Computershare Private Ltd. (Unit: Biocon Ltd.), Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081.
9. Members are requested to address all correspondences, including dividend matters to the Share Transfer Agents, Karvy Computershare Private Ltd. (Unit: Biocon Ltd.), Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081.
10. Members seeking any information relating to the Accounts may write to the Company at 20th KM, Hosur Road, Electronics City P.O., Bangalore - 560 100 for the attention to Company Secretary at least seven days before the date of the thirty first annual general meeting.

Information pursuant to revised Clause 49 of the listing agreement regarding the re-appointment of Directors:

Mr. John Shaw

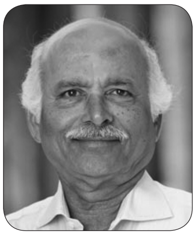


Mr. John Shaw, 60 years, Vice Chairman, is a foreign promoter and a whole-time director of the Company. He is also a controlling shareholder and director of Glentec International. He completed his M.A. (Hons.) in History and Political Economy from Glasgow University, U.K. in 1970. At the time of joining Biocon, he had served 27 years with Coats Viyella plc. in various capacities including finance and general administration. He was the Chairman of Madura Coats Ltd. from 1991-98.

Other Details:*

Date of Birth	12/04/1949
Date of Appointment on the Board	12/01/1998
Shareholding in Equity shares of the Company and percentage of holding in share capital.	1,407,558 (0.70%)

Mr. Suresh N Talwar



Mr. Suresh N Talwar, 71 years, is a partner in Talwar Thakore & Associates, a law firm of repute. He completed his B.Com from the University of Bombay in 1959, his LL.B. from the Government Law College, Bombay in 1961 and is a solicitor of the Incorporated Law Society, Mumbai in 1966. His area of professional specialisation is in corporate law and other related matters. He has been the legal counsel to numerous Indian companies, multinational corporations as well as Indian and foreign banks. He was a partner of Crawford Bayley & Co., a reputed Indian law firm. He is also a director of several leading companies in India.

Other details:*

Date of Birth	21/11/1938
Date of Appointment on the Board	17/05/2003
Shareholding in Equity shares of the Company and percentage of holding in share capital.	32,000 (0.016%)

** The details of directorship in other companies & details of membership in Board Committees as on March 31, 2009, is set out in the Report on Corporate Governance appearing on page 65 of the Annual Report for financial year 2009.*

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PROXY FORM

Regd. Folio No. / DP ID/Client ID____

Affix
1 Rupee
Revenue
Stamp

I/We…………………………………………………………………............................... of ……………………….….....................………. being a member/members of Biocon Limited hereby appoint ……………………….……………of ………………………….……………….. as my/our Proxy or failing him/her……….……...…….. of ………………………......…….. as my/our proxy to vote for me/us on my/our behalf at the Thirty First Annual General Meeting of the Company to be held on Thursday, July 23, 2009 at 3.30 p.m. at 'Sathya Sai Samskruta Sadanam', No. 20, Hosur Road, Near Forum Mall, Bangalore - 560 029 India and at any adjournment(s) thereof.

Signed this…………….. day of…………..2009

Note:

The proxy form in order to be effective, should be duly stamped, completed and deposited at the Registered Office of the Company at 20th KM, Hosur Road, Electronics City P.O., Bangalore - 560 100 not less than 48 hours before the time for holding the meeting.

BIOCON LIMITED
20th K M, Hosur Road, Electronics City P.O., Bangalore – 560 100.

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ATTENDANCE SLIP

Thirty First Annual General Meeting – July 23, 2009

Regd. Folio No./ DP ID/ Client ID____

No. of shares held _________________

I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Thirty First Annual General Meeting of the Company held on Thursday, July 23, 2009 at 3.30 p.m. at 'Sathya Sai Samskruta Sadanam', No. 20, Hosur Road, near Forum Mall, Bangalore - 560 029.

Name of the member/proxy
(in BLOCK letters)

Signature of member/proxy

Note:

Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Shareholders are informed that no duplicate attendance slips will be issued at the venue of meeting. Members are requested to bring their copies of the Annual Report to the meeting.

BIOCON LIMITED
20th K M, Hosur Road, Electronics City P.O., Bangalore – 560 100.

Dear Shareholder,

RE: PAYMENT OF DIVIDEND THROUGH ECS

As per Securities and Exchange Board of India (SEBI) Circular No. DCC/FITT/CIR 3/2001, all companies should make mandatory use of Electronic Clearing Services (ECS) facility wherever available which is introduced by Reserve Bank of India for distributing dividends, wherein dividend amount would be directly credited to shareholders' Bank account.

We wish to inform you that all your relevant records are maintained by your Depository Participants (DP). The companies retrieve the data maintained by DPs through NSDL/CDSL.

Hence, you are advised to intimate any changes in your Bank details immediately to your DP. THE INFORMATION SHOULD ONLY BE SENT TO YOUR DP AND NOT TO THE COMPANY OR TO THE REGISTRAR OF THE COMPANY.

After remitting the dividend to your Banks directly, an intimation of payment of dividend will be sent to you.

In case of absence of ECS facility, Company will send the dividend through Dividend Warrants/Demand Drafts payable at the Branch of the Dividend Banker which is nearest to the registered address of the member. The Company is required to print the bank account details on the Dividend Warrants for distribution of dividends. Hence existing bank details are required to be filed with your DP, even when the payments are made through Dividend warrants.

Please send these details to your DP together with any other document requested by your DP immediately.

Note: The Company or its Registrars cannot act on the Mandate. Hence you are requested to get the Mandate registered with your DP and not send the same to the Company or Registrar. Format of letter/mandate to the DP is enclosed for this purpose.

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MANDATE FORM- ELECTRONIC CLEARING SERVICE (ECS)

To,

______________________________ (Name of the Depository Participant)

______________________________ (Address of the Depository Participant)

Please register the following details for receipt of Dividend:

Type of Instruction	Remittance of amount through Electronic Clearance Service
Name	______________________________
DP ID	______________________________
Client ID	______________________________
Bank Details	Bank Name : ______________________________
	Bank Address: ______________________________
	______________________________
	Account Type and No.: SB/ CA/ CC No.: ____________________
	9 Digit MICR Code: ______________________________

Please find enclosed a photocopy of cancelled blank cheque for your verification.

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Signature of the shareholders and date